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In 2 Sections — Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

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WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3985 New York, N. Y., Thursday, September 25, 1941 Price 40 Cents a Copy

"JOTTINGS"

Social Security appears a natural for the forced-savings, inflation-gap-covering ideas of Washington, and if only part of the present talk materializes it could raise billions. The present old-age part of the law, which takes one per cent from employer and one per cent from employee, brought direct into the U. S. Treasury last year some $690,000,000 and would probably bring in $900,000,000 on present payrolls. Proposal is to double this, i.e. bring in nearly another $1,000,000,000. A sound accounting argument could be given for this (quite apart from the real reason) namely that the actuarial cost is now running nearly eight per cent, or four times the premiums, which were supposed to advance men would hardly miss the added per cent each and at the beginning of 1943 to 2 per cent each. So the date of the increase could be merely advanced one year. A purely political argument could also be made that with current vastly increased payrolls, work- one per cent tax anyway and the at the beginning of 1940 to 1½ employer couldn't do anything about it. On the unemployment side, the current rate of 3 per cent on the employer (2.7 per cent to the State, 0.3 per cent Federal) brought in last year $100,000,000 to the Federal government and about $900,000,000 to the States, or a total of about $1,000,000,000. Withdrawals (for benefits) were only round $450,000,000, and this year are down 50 per cent. There is talk of increasing benefit rates, but this would be offset by the declining call for unemployment payments, so that even with higher rates total benefit payments might not increase over last year.

Not wages, but power seems to be the current issue in labor disputes, with the exception of the effort of the Seafarers' International to force American shipowners to pay "bonus beef" on ships operating in the Caribbean following the sinking of the Montana (the raider, perhaps operating off the Galapagos, is reported sunk). But—the Kansas City power shut-off

(*Continued on Page 299*)

OUR REPORTER'S REPORT

Disagreeable news, but better out of the way. That just about summed up the underwriting fraternity's ideas as far as the boost in excess reserve requirements of member banks, ordered by the Federal Reserve Board, was concerned.

For weeks the threat of such a development has been hanging over the new issue market, like the famed "Sword of Damocles," keeping underwriting bankers on the anxious seat and holding in leash what had all the appearances of a substantial volume of potential new business.

Bankers were apprehensive of going after such business aggressively for the reason that they expected the Reserve Board would act, especially since it finally had won over the Treasury, which had opposed its suggestions some months ago.

The action of the seasoned market, in response to the news of the lift in reserve requirements, it was taken in stride, should prove reassuring to underwriters and likewise to companies which have new financing and refundings in view.

Generally speaking, security bankers were disposed to accept the Reserve Board's action as being in the nature of a "green light" for the underwriting industry since it served to remove an unknown quantity which had been retarding activity.

Since "one swallow does not make a summer," however, it will probably be several days before the rank and file are willing to accept the current firmness of the market as genuine.

(*Continued on Page 303*)

John S. Fleek Is Nominated For Presidency of IBA; Vice-Presidential Nominees

John S. Fleek, partner of the Cleveland investment banking firm of Hayden, Miller & Co., has been nominated for the presidency of the Investment Bankers Association of America, it was announced on Sept. 18 by Emmett F. Connely of Detroit, President of the Association. Mr. Fleek will also become Chairman of the association's Public Information Committee and in this capacity will serve as a full-time executive of the association, taking a leave of absence from his own business to assume direction of the comprehensive program of public relations that the IBA has been conducting for the last year-and-a-half. He is at present a Vice-President of the association and one of those most active in its public relations work, having served as a member of the Public Information Committee under the Chairmanship of Mr. Connely since the inauguration of the program.

Officers of the association are nominated by the Board of Governors and elected at the annual convention, which this year is to be held at Hollywood, Fla., Nov. 30 to Dec. 5. Nomination is considered tantamount to election, since the selections of the board have always been approved by the convention.

Vice presidential nominees who will complete the regular ticket to be voted upon at the convention include three presently holding that office. These are Edward H. Hilliard of J. J. B. Hilliard & Son, Louisville; John K.

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Side Glances Way Down Yonder in New Orleans News & Views From the NSTA Convention

Our own inquiring reporter gives you "foot-notes on headliners" at the Convention of the National Security Traders Association at the Hotel Roosevelt in New Orleans:

"When entering the train at N. Y. C. for New Orleans Convention, Harold Smith, Duryea & Co., 240 lbs. and Abe Strauss, Strauss Bros., 230 lbs., got stuck in the aisle when they tried to pass each other. An argument followed and Harold charged Abe with being too fat. Abe immediately challenged Harold to a 100 yard dash. Watch for time and place in these columns.

Both smoke a box of cigars a day while in training. Do they puff. Ben Van Keegan, Frank Masterson & Co. just made the train. He told about his son-in-law, Adrien Rollini keeping him out partying to the wee hours Sat. A. M. Felt he should get him in shape for the two days train ride.

B. W. Pizzini, B. W. Pizzini & Co., the gentleman farmer had the train stop at Trenton, for him exclusively. He said the cows needed milking before he could get away.

Frank J. Morrissey, Frank J. Morrissey & Co. (Phila.) Bank Stock Specialists, arrived at the last minute and was put in with Abe Strauss, Traders version of "Abie's Irish Rose."

Chet DeWillers, of Schoonover, DeWillers & Co., after shaking hands with his many friends was in need of Sloans liniment.

Mrs. Ruth Phelps of the Campbell Phelps, N. Y., broke up the Boland-Saffin joint account by sitting at the dinner table with them Sat. night.

Arthur Robinson, of Colyer Robinson & Co., Inc., and Kenneth Spear, Julius A. Rippel Inc., went joint account on 8 highballs. 4 to Robinson and the other 4 divided equally (Eastern form account).

Ronald A. Morton, of the Blue List upon seeing his room mate was Ed Beck, of the Commercial & Financial Chronicle said, "Chronicle" and "Blue List" in bed together. That's news.

Jack B. Hanauer, J. B. Hanauer & Co., famous Atlantic City specialist was paying marked attention to Mrs. Pincus, it's true, but he still stayed on the water drinks throughout the trip.

James F. Musson, B. J. Van Ingen & Co., N. Y. asked to have the train stopped in Philadelphia after learning the Penna. R.R. was not using the turnpike.

Julius A. Rippel, J. A. Rippel, Inc., reports they are working on a syndicate to refund the state house dome.

John W. Kress, of the Howard Savings Institute (Newark, N. J.) who was a guest and main speaker at last year's convention. Having satisfied the N. J. Municipal market in that address, reports this year that he has successfully distributed his position at the top of the market.

Richard F. Saffin, partner of H. B. Boland & Co., who does considerable business in Trenton, N. J., is being accused of stealing the dome from the State House.

Attested to by Bill Albright, State Treasurer and Jim Sautter, Deputy State Treasurer.

Charlie Phillips, Penington Colket & Wisner (Phila.), was giving out rubber quoits as we were going around the horse shoe curve.

Philadelphia boys certainly believe in justice these days because they have just elected Floyd Justice, of Butcher & Sherrerd as their president.

Thomas A. Akin, Akin-Lambert Co., L. A., came to the convention via Winnipeg, Canada. It was the shortest route to N. O. Tommy is telling the firm. Wish him luck!

Jack E. Jones, Hartley Rogers & Co., Seattle, and Robert E. Daniel, Drumheller, Ehrlichman Co. (Seattle), the only two from Seattle to attend the party, are taking color movies of everything in order to show their buddies back home what they missed. Hollywood beware. Perhaps Seattle is out to get your business.

Edward E. Parsons, Jr., Wm. J. Mericka & Co., Cleveland, Ohio, acted as Doctor at large. His room was the hospital for the boys enroute. Fixed them up for headaches, sore throats, blues, etc.

Mrs. Parsons, a great advertiser for Cleveland. She will make sure "It's Cleveland in 1942." Gave out balloons in her canary (yellow) color p-j's—did she wow the boys!

Pullman conductor for a day, Larry A. Higgins, Hubbard Warren & Chandler (Chicago).

Cy Murphy, Mackubin Legg & Co., N. Y., did a balloon dance a la Sally Rand for us in the Club Car. (Balloons donated by the Cleveland boys.)

John F. Reilly, J. F. Reilly & Co., seen sitting out on the outside observation platform, was heard to remark, "This is the 'Life of Reilly,'" forgetting all about the soot that covered his face.

Tour Director Edward Welch, McGuire, Welch & Co. (Chicago) is an honest to goodness R.R. man at heart. He did a swell job all around. Keeping the train on time, getting the baggage through for us and having cabs on hand at all times for us to fall right into.

Silver Dollar Phil Clark, of Amos C. Sudler & Co., Denver, Colo., gave all the ladies a silver dollar as a reminder to visit Denver,—the mile high city. Mrs. Graham Walker found it very handy to open ginger ale bottles with. Phil thought you'd like to know.

R. Victor Mosley, Stroud & Co. (Phila.), was found to have most of the diner's silverware in his pockets. Said to the steward it was just there for decoration, etc. ---Trust it worked!

Stan Roggenburg, Roggenburg & Co., refused to sit down on a sofa because he couldn't get be-

(*Continued on Page* 303)

Parsons Elected Pres. by Cleveland Traders

CLEVELAND, OHIO — E. E. Parsons, Jr., partner of Wm. J. Mericka & Co., Inc., has just been elected President of the Cleveland Security Traders Association for the 1940-41 year.

Ed. E. Parsons, Jr.

Mr. Parsons is also First Vice President of the National Security Traders Association, Inc., as well as Chairman of the Memship Committee, for this organization. He attended the first meeting in Chicago, which led to its formation. Mr. Parsons is attending the Convention of the National Association in the capacity of Chairman of the Corporate Forum.

His first position was with W. S. Tyler & Co., manufacturers, from 1924-28. He entered the security business with The Herrick Co. in 1928, which later merged with the R. V. Mitchell & Co., forming Mitchell-Herrick & Co. He was one of the organizers of Wm. J. Mericka & Co., Inc. on January 1, 1931. He is Secretary of this company, at the present time.

Detroit-Mich. Traders Nominate '41-'42 Slate

DETROIT, MICH. — The Committee on Nominations of the Securities Traders Association of Detroit and Michigan, Inc. announce that the following were named as candidiates for the various offices of the association:

President: Frank P. Meyer, First of Michigan Corp., and John K. Roney, Wm. C. Roney & Co.

Vice - President: H. Russell Hastings and Paul I. Moreland, Allman, Everham & Co.

Secretary: Ray P. Bernardi, Cray, McFawn & Co., and Herbert Schollenberger, Jr., Campbell, McCarty & Co.

Treasurer: Don W. Miller, McDonald, Moore & Hayes, and Robert Stoetzer, Keane & Co.

The annual election is to be held on September 29th and will be by mail ballot. Members of the Association attending the National Security Traders Association Convention may vote by absentee ballot, but all ballots must be returned by 5:00 p.m. September 29th.

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S. L. Austin Forms Own Municipal Firm

HOUSTON, TEX. — Samuel L. Austin has formed S. L. Austin & Company with offices in the Second National Bank Building, Houston, and also in Austin, Tex., to deal in Southern municipal bonds. Mr. Austin was formerly manager of the mid-western division of the investment department of Fenner & Beane, with headquarters in Chicago.

John W. Eddins, formerly municipal buyer for Fenner & Beane, and prior thereto with Mahan, Dittmar & Co., will be in charge of the new firm's office in Austin, Tex.

COMMERCIAL and
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Dock & Holland Elected Officers of Doremus

Doremus & Company, 120 Broadway, New York City, announce the election of Dewey B. Holland as secretary of the company and of George Dock, Jr. as vice-president.

Dewey B. Holland

Mr. Holland has been associated with the advertising agency for twenty years and for the past fifteen years has been Production Manager and Account Executive. Before joining Doremus & Company, he served as Production Manager of the McJunkin Advertising Agency and in a similar capacity with the Corman Cheltenham Advertising Agency. Home Loan Bank Board, 1933-1936; Assistant Advertising Manager, Halsey, Stuart & Co., Mr. Dock has been with Doremus & Company since 1936, and has been engaged in financial advertising for 20 years. He had previously been Public Relations Advisor, Federal 1929-1932; and Advertising Manager, William R. Compton Co., 1919-1929. He is the author of "Constructive Customer Relations," written for the American Bankers Association, and co-author of "Advertising Investment Securities" written for the Investment Bankers Association of America.

George Dock, Jr.

Tomorrow's Markets Walter Whyte Says—

The Market is acting well; the leaders are doing better and all positions should remain undisturbed unless and until "stops" are broken.

By WALTER WHYTE

"Say Jed" asked one farmer disconsolately looking up at the gray weeping skies, "do you think this consarn rain 'll ever stop?" Jed looked up from his whittlin' squinted out at the flooded fields, took a bite of chawin' rolled it ruminately around his check, took aim at a buzzing fly in the corner of the bar and let fly. After watching the fly struggle in the brown juice he looked up again. "Well, I dunno" he began speculatively. "But like the feller says, she always has."

* * *

That, dear readers, is about the best advise I can give those who keep asking "do you think this market will ever go up again?" For like the feller in the story said "She always has."

* * *

I realize that's poor consolation for anybody who has been sitting all these months with a fist full of stocks waiting for them to do anything. Sure, I know that. Still there is this satisfaction: If you held the right stocks then come rain or shine, up or down, or just plain nothing at all your stocks have made money for you.

* * *

Of course if you held the leaders that's something else again. For the leaders, during the past few months anyway, have been leaders in reputation only, not in fact. It wasn't stocks like Steel or Motors that have been in the forefront of any move in the last few months. It was the

(Continued on Page 298)

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Maine Dealers Moving To Avert "Imminent Extinction" of Distributing Dealers in Nation

We are in receipt of a letter from Roger B. Ray of Portland, Maine, informing us that the Maine investment dealers are contacting other dealers throughout the country to institute concerted action to prevent the amendments to the Securities and Exchange Act of 1934 permitting unlisted trading privileges on Exchanges, which would virtually wipe out the over-the-counter business.

The letter follows:

In an effort to avert the imminent extinction of the distributing investment dealers throughout the country, a group of eight in the State of Maine on September 13th sent a letter and a petition to about seventy dealers located in various communities over the country. An enthusiastic response was received from nearby Boston, Hartford, and Springfield and from dealers as far distant as Columbus and St. Paul.

Because we, here in Maine, have now been assured that we speak not only for practically every dealer in Maine but also for a large number in other states, we wish to ask that our "cause" be given notice. The "cause" is this: There have been proposed to Congress certain amendments to the Securities & Exchange Act (1934). As is explained in the petition which we sent out for signatures (a copy is enclosed) one of these amendments would give the stock exchanges, especially the New York Curb Exchange an advantage over the distributing dealers so great as to threaten their existence. The advantage is that the Curb on its own initiative, with or without the approval of the issuer, may seek the admittance to "unlisted trading privileges" of any security of a company required to disclose complete information under the proxy provisions.

But we cannot expect the investor or the issuer of securities to forget their own troubles because a large number of investment dealers faces extermination. What we believe is of vital interest to them is that the amendment as now written imperils them as well.

Many securities having a local or regional investment interest could, if the curb succeeded, be uprooted. Many securities having a national investment interest are sustained by distribution and redistribution. If the Curb should assume a market for them it is difficult to see how it could sustain their present values. Indeed the function of the Curb is diametrically opposed to the investment market. That institution conducting what they term "an auction market" serves the speculator. If the market for the securities in which the investor has placed his savings is dominated by the unlisted trading privileges of the Curb market the value of these securities will certainly gyrate. The issuer in turn may find future financing difficult because his now outstanding securities traded under "unlisted trading privileges" conditions enjoy no stability and no sponsorship.

The public interest is served by requiring corporations over a certain size to disclose more information to their stockholders. We do not oppose the proxy provisions of this Amendment recommended by the two New York exchanges. But the public interest is not served by the passage of this amendment as now written. It would permit the elimination of the investment markets sustained by distributing dealers. On this market not on speculative trading depend the savings of the individual and the financing of American industry.

The committee is composed of Chairman, Edward E. Chase, Maine Securities Co., Portland, Maine; Carrell K. Pierce of H. M. Payson & Co., Carl K. Ross of Carl K. Ross & Co., Roger B. Ray of Roger B. Ray, Gilbert M. Elliott, Jr. of the State Investment Co., and John M. Kimball of Harry A. Rounds Co., all of Portland; Alwyn M. Rees of Morton Hall & Rounds, Lewiston; and Ashmead White of Pierce, White & Drummond of Bangor. Dealers who wish to join in signing this

(Continued on Page 297)

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- Company is using its expanded facilities to complete important Army and Navy contracts totalling approximately $3,000,000, on which it is estimated that the company will earn $3.00 per share over the next twelve months.
- Organized in 1906, the company normally is a successful manufacturer of a varied line of metal furniture. Company earned 56¢ per share from normal operations for fiscal year ended June 30, 1941.
- Small capitalization — only 90,803 shares of $1.00 par stock outstanding. Company's current earning power, in relation to the small number of shares outstanding, suggests attractive leverage characteristics.

Current market 4⅞ - 5⅛

Arnold Print Works Common

- Reports earnings equal, after taxes, to $4.05 per share for fiscal year ended June 30, 1941.
- The Common stock is, therefore, available at less than 2½ times earnings with a continued high rate of operations indicated.
- Financial position showed wide improvement in the year ended June 30th. Debt was reduced by $426,000, while cash position rose to $1,800,000 from $878,000.
- Dividends were initiated with payment of 50¢ per share on June 30th. The company's increased earnings and improvement in financial position suggest a further payment this year.

Current market 8⅛ - 8½

Autocar Company Common

- According to rumor, this company will merge with Liberty Aircraft Products Corp., each share of Autocar receiving two shares of Liberty Aircraft.
- Defense orders received by the company since mid-1940, total more than $34,000,000 — largely for military scout cars and tractor trucks for troop transportation.
- Company reports earnings of $4.93 per share, after normal taxes but before excess profits taxes, for the seven months ended July 31st. Outlook is for continued high volume with further important militarv and commercial contracts probable.
- Priority rating A-3, recently given to commercial truck production, will speed up output still further and give added stimulus to earnings.

Current market 16⅜ - 16¾

Liberty Aircraft Products Corp.

- Manufactures and processes airplane parts and equipment to customers' specifications. About 90% of its work is done in accordance with the standards and specifications of the U. S. Army and Navy.
- Sales of the company were up 196% in the first five months of 1941 over the same period of 1940. Expanded facilities will permit shipments to hit a new peak for the remainder of the year.
- Outlook is for a continued high rate of operations since demand for the company's output from major aircraft manufacturers will remain constantly strong for a considerable period.
- Stockholders recently approved the acquisition by company of control of Autocar through the purchase of 121,000 shares of the latter company's Common stock. Earnings for the 8 months ended August 31st were equal, after taxes, to $1.05 per share.

Current Market 7¾ - 8

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Philadelphia Traders Elect Justice Pres.

PHILADELPHIA, PA. — Floyd E. Justice of Butcher & Sherrerd has been elected President of the Investment Traders Association of Philadelphia. Harry B. Snyder, Yarnall & Co. was chosen as first vice-president; Edmund J. Davis, Rambo, Keen, Close & Kerener, second vice-president; Benjamin H. Lowry, Laird & Co., treasurer; and George J. Muller, Janney & Co., secretary.

Floyd E. Justice

Herbet H. Blizzard, Herbert H. Blizzard & Co.; Leo M. Dolphin, Dolphin & Co., Inc.; Russell M. Dotts, Bioren & Co.; Thomas J. Love, Geo. E. Snyder & Co.; Henry B. Warner, E. H. Rollins & Sons, Inc.; Joseph A. Zeller, Bankers Securities Corp.; and John P. McFadden, Smith, Barney & Co. were elected members of the Board of Governors.

Loomis Elected Head of Central States IBA

The Central States Group of the Investment Bankers Association of America at its annual meeting in Chicago on Sept. 22, elected John S. Loomis, President of The Illinois Company of Chicago, as its Chairman for the next association year, which means he will take office at the close of the national IBA convention in December. D. Dean McCormick, Chicago manager of Alex. Brown & Sons, was elected Vice Chairman, and John E. Blunt 3rd, Vice President of Lee Higginson Corporation, Chicago, was named Secretary-Treasurer.

John S. Loomis

New members elected for three-year terms on the Group executive committee were: Carl J. Easterberg, Riter & Co., Chicago; Ludlow F. North, The Wisconsin Company, Milwaukee; Plummer P. Purdham, Burns, Potter & Company, Omaha; and Hempstead Washburne, Chicago representative of the Mercantile-Commerce Bank and Trust Company of St. Louis.

Nathan D. McClure, Chicago Vice President of Harriman Ripley & Co., will be an ex-officio member of the committee as the retiring chairman of the Group.

Nomination of these officers was noted in our issue of Sept. 18, page 195.

TRADING MARKETS IN OBLIGATIONS OF:
The Port of New York Authority
Triborough Bridge Authority

JACKSON & CURTIS
ESTABLISHED 1879

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Leander Hull Redfield** has become connected with **Fifty State Street Company**, 50 State Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Malcolm N. Fay** is now associated with **E. H. Rollins & Sons, Inc.**, 75 Federal Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**C. A. Gueutal** is now associated with **Benjamin Lewis & Co.**, 135 South La Salle Street, in their buying department. Mr. Gueutal was formerly with Barcus, Kindred & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**David Quigg Lewis, Jr.** is now with **Lehman Brothers**, 231 South La Salle Street. Mr. Lewis was formerly with Paine, Webber & Co. for many years and prior thereto was with McGowen, Cassady and White.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — **Stanley O. Davis** has joined the staff of **Don D. Kuemmerling**, Union Trust Building. Mr. Davis was previously with H. B. Cohle & Co. and prior thereto with W. C. Thornburgh Co. and Westheimer & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Wilbur H. Russell** has become affiliated with **Lowry Sweney, Inc.**, whose main office is located in the Huntington Bank Building, Columbus, Ohio. Mr. Russell was previously with Pratt & Williams, and Gassman & Co.

(Special to The Financial Chronicle)

DALLAS, TEX.—**Louis Leonard Thalheimer, Jr.** has become associated with **Carothers & Company, Inc.**, Gulf State Building. Mr. Thalheimer was formerly connected with Charles R. Dent and prior thereto with Mahan, Dittmar & Co. and Donald O'Neil & Co.

(Special to The Financial Chronicle)

DALLAS, TEX. — **Schneider, Bernet & Hickman, Inc.**, Southwestern Life Building have added **Robert A. B. Goodman** to their staff.

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — **Bankamerica Company**, 650 South Spring Street, has added **Harold F. Brown** to its sales staff.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Harold E. Curtis**, formerly with Leo & Curtis, Inc., is now associated with **Klehmet & Company**, 650 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Robert E. Tieman**, previously with Dean Witter & Co., has joined the staff of **O'Melveny, Wagenseller & Durst**, 626 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**William James Elliott** is now connected with **Searl-Merrick Co.**, 634 South Spring Street.

(Special to The Financial Chronicle)

LOUISVILLE, KY. — **Smart & Wagner, Inc.**, 415 West Jefferson Street, have added **Byron H. Boyd** to their staff.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — **Douglas Sanford Freed**, for many years with Walston, Hoffman & Goodwin, and in the past with Steinhardt & Co., has become affiliated with **Davies & Co.**, Russ Building.

(Special to The Financial Chronicle)

SANTA CRUZ, CAL. — **Benjamin F. Black** has been added to the staff of **Richey & Baikie**, 60 Pacific Avenue.

(Special to The Financial Chronicle)

SPRINGFIELD, MASS. — **A. Mayo Fisk** has been added to the staff of **Tifft Brothers**, 1387 Main Street.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **Jasper Charles Hayward** has become associated with **Bliss Bowman & Co.**, 715 Madison Avenue.

Assel, Kreimer, Fuller Form Securities Firm

(Special to The Financial Chronicle)

CINCINNATI, OHIO — Joseph H. Assel, Herbert F. Kreimer and Douglas K. Fuller have formed Assel, Kreimer & Fuller with offices in the Provident Bank Building to conduct a general securities business. All were formerly officers of Assel, Goetz & Moerlein, Inc.

We take pleasure in announcing that
E. G. PARSLY
has been elected
Executive Vice-President of this firm
Whitney-Phoenix Company, Inc.
70 PINE STREET
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Schwabacher Co. Adds Greenwood & Mannick

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Schwabacher & Co., 515 West Sixth Street, announce the association with their local investment department of Donald L. Greenwood and David Mannick. Mr. Greenwood, a member of the Los Angeles Stock Exchange, was formerly a partner in Greenwood, Bennett & Co. of Hollywood and its predecessor Greenwood & Co. Mr. Mannick was previously with Morrison Bond Co., Ltd. and Fewel, Marache & Co.

Stewart J. Lee Co. Is Formed In New York

Stewart J. Lee has opened offices at 44 Beaver Street, New York City to engage in a securities business under the name of Stewart J. Lee Company. The new firm will act as dealers in industrial, utility, bank and insurance stocks and bonds. Associated with Mr. Lee as sales manager will be A. H. Peterkin.

Mr. Lee was formerly sales manager for The J. Morton Steiner Co. and prior thereto was with Bittner & Co.

Guaranteed Railroad Stocks

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Annual Fall Outing of Pittsburgh Bond Club

PITTSBURGH, PA.—The Annual Fall Outing of the Bond Club of Pittsburgh will be held on Friday, October 3rd at the Butler Country Club. (Take Route No. 8 to Stepp-Inn — 23 miles from Downtown. Turn Left on Pittsburgh-Butler Airport Road—one mile to Club House and the big events of the day.)

There will be a golf tournament for the Bankers Cup, which goes to the player with low net score. Prizes will also be awarded for low net; low gross; low score on ? hole; least number of putts. There will be one golf prize per person (kickers ex.). Greens fee is $2.00, to be paid on the tee; caddie, $1.00. Norman B. Ward, Norman Ward & Co., is Chairman.

There will also be a program of minor sports events from 4 to 7 p. m. arranged by G. C. Bodell, Peoples Savings & Trust Company, and L. R. Schmertz, Jr. of Mellon Securities Co. Prizes will be offered for all events—Le Boccie; Horseshoes; Mo-Skeet-O. There will also be a plane ride as an extra special attraction (one mile from the Club)—$1.00 per person for a fifteen minute ride. (Bond Club assumes no liability).

Dinner will be served promptly at 7:15 p. m. No charge to members in good standing, guests $3.00. Entertainment is in charge of Ralph Thomas. There will be door prizes, special dinner music, and George Bailey, entertainer. A special feature will be movies of the Spring outing. There will be plenty of free beer, but the Club does not have a liquor license, so those wishing to do so BY. Y. O. L. (Set-ups furnished.)

The bond market will also be open—bidding on two series E. Defense Bonds, one $250 face value, the other $125 face value.

Members should make reservations early with L. W. Voigt, Chairman of the Outing Committee, First National Bank Building, Pittsburgh.

B. B. McAlpin, Jr. To Be Laird & Co. Partner

Benjamin B. McAlpin, Jr., for many years a partner in Taylor, Bates & Co., will be admitted to partnership in Laird & Co., Nemours Building, Wilmington, Del., members of the New York Stock Exchange and other leading Exchanges. Mr. McAlpin will make his headquarters in the firm's New York office at 61 Broadway.

TRADING MARKETS IN
Unlisted Railroad Securities
New and Old
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Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 *Bell Teletype—NY 1-310*
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The new Erie junior securities are still obviously handicapped, marketwise, by the tendency of the general speculative public to shy away from anything foreign to the usual norm ("when issued" securities fall in this category), and by the confusion, in initial Exchange trading, over the difference between the common stock and certificates of beneficial interest in the common stock. At least one of these market handicaps will disappear shortly, as it is now indicated that the actual new securities will be delivered by late October or early November. Shortly thereafter it is expected that a dividend will be paid on the preferred stock, covering operations for 1940. The dividend from 1941 earnings will probably not be paid until next year even though cash position is strong and earnings will amount to close to $30.00 a share. Earnings on the new common, on the basis of fixed charges provided in the plan, should run about $3.50 a snare.

There has been little recognition given to the improvement in the fundamental status of the junior securities through recent developments. Published pro forma earnings statements of previous years applied against the new capitalization allow for the full fixed charges set up under the I.C.C. reorganization plan. There is included, interest on $14,000,000 of new money 4s. Judging by recent balance sheets, little, if any, of this money should be needed which will mean a saving of $560,000 in interest. There will be a further interest saving of $190,000 through the current refunding of underlying bonds at the low coupon rate of 3¼%. In other words, before the company is even out of the courts it will have cut its fixed charges more than 10% below the highly conservative level proposed in the plan.

Many railroad men have been urging their clients to take advantage of the psychological depressants temporarily influencing Erie certificates of beneficial interest in common stock to switch out of poorly situated equities of such roads as Baltimore & Ohio, Lehigh Valley and Delaware, Lackawanna & Western. On the average none of these three roads was able even to cover fixed charges during the past decade much less show earnings on their stocks. Baltimore & Ohio and Lehigh Valley were in such a sorry plight a few years back that they were forced to obtain temporary relief from burdensome interest charges and principal maturities through readjustment under the Chandler Act. It is pointed out that such readjustments, involving little permanent reduction in interest charges and merely postponing the principal maturities do not bring the fundamental credit improvement inherent in a thorough judicial reorganization such as that of Erie.

While Erie's new capital structure is considered virtually impervious to future depressions, the threat continues to overhang the weaker marginal carriers. Their credit position can only be really improved if the current boom in earnings is of sufficient duration to allow important debt retirements. This prospect naturally precludes the possibility that earnings can be passed along to stock holders. Freedom from worry over future solvency should alone justify a considerably higher price-earnings ratio for Erie certificatas than for the stocks of solvent marginal roads.

There is another reason that Erie common stock (the certificates will get the same dividends as the regular common) may be considered much closer to possible dividends than the usual run of railroad equities. Earnings reported by Erie, and other reorganization properties, are after deductions for sinking funds and the additions and betterment fund. In the case of Erie this latter fund amounts to 2% of gross. As debt retirement and improvements to the property have already been provided for before arriving at earnings for the stock, there is no reason why a large part of the

(Continued on Page 298)

Railroad Reorganization Securities
(When Issued)

BEAR, STEARNS & Co.
Members New York Stock Exchange
New York Chicago

We maintain net trading markets in
Chicago, Rock Island & Pacific
Gen'l 4s, '88, Cpn. & Reg.
Secured 4½s, '52, Actuals & C/Ds
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Imperial Oil Ltd.
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Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway New York City, shows the following range for January 1, 1939 to date: High —34⅝, low—14¾, last 31⅞.

We are pleased to announce that
RICHARD B. MONTANYE
has become associated with us
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Bank and Insurance Stocks

This Week — Bank Stocks

The growing influence of the defense program on the demand for bank credit is shown by a review of bank lending for defense, made by the Federal Reserve Board. This points out that the financing of business concerns engaged in supplying the Government with goods and in building new plants under national defense contracts has been an important activity of the banks of the country and has accounted for a substantial increase in banks loans during the past year.

While a considerable volume of financing for the purpose has been provided in various ways by the Government and many businesses have had large amounts of their own funds available to meet all or part of their own needs, many firms have found it necessary or desirable to borrow from the banks.

According to this survey the member banks in 101 leading cities which account for almost all of the lending by the banking system, have shown a sharp and steady increase in total commercial loans amounting to about $1,700 million in the year ending Aug. 20th 1941. This expansion in the volume of loans is a reflection of the lending directly to the defense producers and suppliers as well as to others whose business has improved coincident with the developement of the defense program.

On April 30th of this year defense loans outstanding at the city banks totaled $460 million. About 67 per cent of these loans were to be used for production purposes and the remainder for providing new plant facilities. It is pointed out that the fact that most of the banks are making most of their loans for production purposes is in line with their customary practices; banks have been traditional sources of working capital funds and ordinarily furnish loans for plant expansion to a lesser extent. It appears, however, that roughly 10 to 15 per cent of the financing required for the new defense plant facilities has so far been provided by the banks.

An analysis of defense loans made by the banks shows that the demand for new funds by producers of defense goods has been felt by the banks throughout the country. The strongest demand has been in the Northeastern and Central industrial areas and on the West Coast.

By April 30th of this year defense loans amounted to 8 per cent of total commercial loans at the city banks. It is evident that lending for defense purposes in the first 10 months of the defense program had begun to assume an important portion of the business of the banks in many parts of the country. With further increases in lending activity since April it is considered probable by the Reserve Board that defense loans at the city banks in August amounted to about 12 per cent of their total commercial loans and it is expected that the proportion will no doubt continue to increase in the future.

The volume of defense loans alone is not considered by the Board to fully reflect the role of the banks in aiding the Government in its attempt to mobilize the production facilities of the country. This is due to the fact that the special field of the banks is in the domain of small and medium-size business and, consequently numerous defense loans are made by banks though they do not bulk large in dollar amount when compared with the total defense program.

It is pointed out by the Board that most small and medium-size firms look to the banks as the principal and, frequently, the only source of their credit requirements. These requirements are met by the banks in their local communities with a foundation of long standing knowledge of the borrowers and their business.

With this proof of the extent to which the banks are sharing in the current defense boom there is good reason for the investor to consider bank stocks as a medium to employ at least a portion of his funds. For several reasons these equities are more favorably situated to benefit from this expansion of business than are many of the industrial companies which attract first attention because of their direct interest in defense contracts.

From the standpoint of taxation, intrinsic value of their shares and the steady income afforded by the unbroken dividend records, bank stocks may have the edge on the securities of many industrial companies.

MARKETS IN
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Frank Smith Forming Own Investment Firm

(Special to The Financial Chronicle)

COLUMBIA, S. C. — Frank S. Smith has formed the firm of Farnk S. Smith Company, Inc. with offices in the Liberty Life Building, to engage in a securities business. Mr. Smith will act as president and treasurer of the new organization. Associated with him will be Harold C. McCarley.

Mr. Smith was formerly Secretary and Treasurer of McAlister, Smith & Pate, Inc. Greenville, with headquarters in Columbia. Mr. McCarley was assistant manager of McAlister, Smith & Pate's local office.

Steiner, Rouse Opening New Orleans Office

Herbert E. Steiner and Howard E. Myers of Steiner, Rouse & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, have just returned from a trip to the South and announce that they have made arrangements to open an office in the Maritime Building in New Orleans on October 1st.

Bank and Insurance Stocks
Inquiries invited in all Unlisted Issues
Laird, Bissell & Meeds
Members New York Stock Exchange
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Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department)

Montanye In Trading Dept. of Fitzgerald

Fitzgerald & Co., Inc., 40 Wall Street, New York City, announce that Richard B. Montanye has become associated with them in their trading department. Mr. Montanye was formerly in the trading department of Newman Bros. & Worms and prior thereto for fifteen years in the trading department of Dominick & Dominick. In his new connection he will continue to specialize in unlisted and reorganization railroad issues.

The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

New Account Campaign Based Upon Stockholders' List

There are a number of reliable sources where up-to-date names and addresses of stockholders and bondholders can be secured. Many securities dealers have used these lists with varying degrees of success, both for circularization or personal solicitation or both.

For those dealers who are not familiar with this method of finding qualified investors in their territory, this campaign may be of interest.

Step number one: Contact a dealer in stockholders' lists. Step number two: Select a company from the available list offerings that may, at the present time, be giving its stockholders some realistic cause for concern and possible worry about the future outlook, but where a thorough study of the situation, regardless of present superficial indications, **warrant retention by the stockholder.** (This could also be true of certain bond situations.) Some examples of this type of situation might now be discovoered among the public utility holding company preferreds that are threatened under the Holding Company Act; reorganizations where the present prices of outstanding securities may be overly depressed; defaulted bonds with an improving outlook and such particular securities as nearly every alert dealer is constantly watching.

Step number three: Call upon the stockholders in person. Eliminate all pre-mailings, unless you wish to verify addresses by sending a letter using first class mail. This usually implies an offer to supply information. The returned mail will validate all the other addresses that have been selected for canvass. Most list dealers however, guarantee about ninety percent correct addresses on standard lists which are available.

Step number four: The main purpose of the first call is to establish confidence and to become acquainted with the new potential customer. The very fact that the salesman introduces himself and mentions at the same time that he is calling to see the prospect about a certain security in which they both have an interest usually secures an invitation to "come in." The salesman then informs the potential customer that his firm has made a study of the situation in question and explains why **the security should be held.** This is exactly the reverse of the type of approach that Mr. Investor has usually been annoyed with in the past Then again, he is pleased to know that his worries over his failing security are not so discouraging after all, and he can only be more friendly and at ease with this salesman, who has brought him some real information and has not tried to pry an order out of him almost as soon as they have met.

Step number five: The competent securities salesman will strive to impress his prospective clients with his ability and that of his firm, plus his willingness to serve his future client in any way within his power. Good customers however, like good houses, cannot be built in a day. With proper intelligent work, a nucleus of prospective clients and customers can be acquired in a few weeks time if this plan is consistently followed. Naturally, not all calls will be productive, but the law of averages will enable the sales force to eliminate non-promising names and still leave many new contacts for further development.

Buffalo Forge Stock Offered at $18.50

Hornblower & Weeks on Sept. 23 headed an underwriting group which made a public offering of 115,120 shares of common stock of Buffalo Forge Co. The stock is priced at $18.50 per share. Of the shares presently offered, 15,120 are being sold by the company and the remainder by stockholders.

Associated with Hornblower & Weeks in the underwriting are: Blyth & Co., Inc.; Shields & Co.; Paul H. Davis & Co.; Schoellkopf, Hutton & Pomeroy, Inc.; W. E. Hutton & Co.; F. S. Moseley & Co.; Eastman, Dillon & Co.; G. M.-P. Murphy & Co.; Piper, Jaffray & Hopwood, Alfred L. Baker & Co.; Moors & Cabot, and Soucy & Co.

Net proceeds from the sale of stock by the company are to be applied to reimburse in part the treasury of the company for its expenditure of $246,059 for the purchase in August, 1941, of 2,305 shares of the company's then outstanding preferred stock, or to be used for such other purposes of the company as may be determined by the board of directors.

As of August 31, 1941, the company and its subsidiaries had unfilled orders aggregating $13,470,000, of which $8,246,000 are specified for delivery within the ensuing 12 months period, and $5,224,000 for delivery in the period from September 1, 1942 to June 1, 1944.

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Established 1817
Head Office *Montreal*
Capital - - - - - - $36,000,000
Rest - - - - - - - $39,000,000
Total Assets in Excess of - $1,050,000,000
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VICE-PRESIDENTS
Maj.-Gen. The Hon. S. C. Mewburn, C.M.G.
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HEAD OFFICE: TORONTO
Established 1867
Paid-Up Capital___$30,000,000
Reserve__________ 20,000,000

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NEW YORK AGENY
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Westmore Willcox, Jr. Opens Offices in N. Y.

Westmroe Willcox, Jr. has opened offices at 115 Broadway, New York City to engage in a general securities business. Mr. Willcox was formerly a partner in Jackson & Curtis and prior thereto was an officer of Blyth & Co., Inc. and Dillon, Read & Co.

Issues 1941 Sugar Manual

Farr & Co., 90 Wall Street, New York City, members of the New York Stock Exchange, have just issued the 1941 Manual of Sugar Companies, the nineteenth edition of this manual. Included are descriptions and synopses of various sugar companies, information on companies discontinued through reorganization, merger, liquidation, etc. Also discussed in the new edition are the Sugar Quotas of 1940 and 1941 and sketches of both the beet and cane sugar industries. The statistical tables include yields and comparative statistics on leading Hawaiian sugar companies and Cuban centrals. Tables covering production, yields domestic and world prices, distribution, exports, imports, etc. have this year been extended to cover the past 25 and 30 years to enable comparison with the previous World War conditions.

Copies of the manual may be obtained from Farr & Company. Price is $1.00 per copy.

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Of Interest To Dealers

A series of interesting booklets on insurance stocks has been prepared for distribution by Butler-Huff & Co. of California, 210 West 7th Street, Los Angeles, Calif. These are entitled "Fire Insurance Stocks—What Do They Offer Today's Investor?"; "The World War and The Fire Insurance Industry"; "Insurance Stocks in War Time . . . and After"; "Insurance Stocks as Inflation Hedges"; and "Insurance Stocks and The Investment Dealer." Copies of these booklets may be obtained from Butler-Huff & Co. on request.

Fleek Is Nominated For IBA Presidency

(Continued from First Page)

Starkweather of Starkweather & Co., New York; and John O. Stubbs of Whiting, Weeks & Stubbs Inc., Boston. In addition the Board named for Vice-Presidencies Jay N. Whipple of Bacon Whipple & Co., Chicago, presently a Governor of the association, and John Clifford Folger of Folger, Nolan & Co., Inc., Washington.

New Governors who have already been elected by their respective groups and who will take office at the close of the convention simultaneously with the new President and Vice Presidents, are as follows:

Central States Group — John S. Loomis, The Illinois Co. of Chicago; John W. Newey, Stern, Wampler & Co. Inc., Chicago.

Eastern Pennsylvania Group —Robert G. Rowe, Stroud & Co., Inc., Philadelphia.

Mississippi Valley Group — I. A. Long, Mercantile-Commerce Bank and Trust Co., St. Louis

New York Group—Benjamin J. Buttenwieser, Kuhn, Loeb & Co., New York; Henry H. Egly, Dillon, Read & Co., New York; Lloyd S. Gilmour, Eastman, Dillon & Co., New York; R. McLean Stewart, Harriman Ripley & Co., Inc., New York.

Pacific Northwest Group — Frederic J. Blanchett, Conrad, Bruce & Co., Seattle.

Southeastern Group — Rush S. Dickson, R. S. Dickson & Co., Charlotte.

Southern Group — Errol E. Buckner, The National Bank of Commerce in New Orleans.

Texas Group—E. Jedd Roe & Co., San Antonio.

Governors are elected for three-year terms and the other ten groups represented by carry-over governors did not elect new ones this year.

Mr. Fleek the nominee for President has been in the investment business in Cleveland with his present firm since 1921. His activities in the IBA date back to 1928, from which time he has an uninterrupted record of service on one or more important committees of the Northern Ohio Group of the association. His work in the national organization started at the same time and has included membership on such important committees as those dealing with state legislation, finance, and press relations.

Mr. Fleek was born in Newark, Ohio, August 29, 1893, and lived there until 1921. He was educated at Phillips Exeter Academy and Harvard, receiving an A. B. degree from the college in 1915 and returning after the 1914-18 war and after a number of years in business to obtain a M.B.A. degree, cum laude, from the graduate school of business in 1921. His business connection during this period was with Fleek & Son Co., of Newark, a wholesale grocery establishment founded by his grandfather in 1861. As to his other activities the announcement issued by the IBA states:

> Whereas the public relations activities of the IBA have received his major attention recently, his earlier interest was centered in the legislation work of the association, particularly that dealing with state regulation of the investment business. He served on the legislation committee of the Northern Ohio Group from 1931 to 1938, as its chairman in the last three years of that period, and also was a member of the national committee on state legislation from 1934 to 1938.
>
> With business organizations he has served as a director of numerous corporations and is at present on the board of the Western Reserve Investing Corp., Midwest Vessel Corp., The William Edwards Co., and is President and Director of Fleek & Son Co. He has also served as trustee of the Cleveland Institute of Music, the Cleveland Crime Commission and the John Huntington Benevolent Trust of Cleveland.

It is observed by the Association that in a few instances Mr. Connelly has been referred to as a "paid President" of the IBA. That says the Association is incorrect, as it will be also in Mr. Fleek's case. He will become a full-time executive officer of the Association as Chairman of the Public Information Committee. The presidency is, as always, not a salaried position.

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Chicago Municipal Club Annual Sports Tourney

CHICAGO, ILL. — Members of the Municipal Bond Club of Chicago and their guests met for the Club's annual dinner and sports tournament on September 18th and 19th. On Thursday evening, September 18th, the group entertained at dinner at the Chicago Athletic Association. The following day featured golf and tennis matches at the BobO'Link Golf Club.

Chuck Morris of Charles K. Morris & Co., won the golf championship with a score of 37-37-74; George Martin of Martin, Burns & Corbett, Inc., was runner up. Gross winners among the guests were Robert McCrary, Murdoch, Dearth & White, Des Moines, Iowa, and Wendell Spraggins, Municipal Bond & Investment Co., Memphis. Several of the net scores were below par —with Hugh Jacks of Chicago having 89-24-65 and James McGee of Toledo having 95-30-65. All reverted back to par, the handicaps governing the disposal of trophies. The first low net foursome was comprised of Chuck Morris, Chicago, 74-3-71; Bob McCrary, Des Doines, 75-2-73; Wendell Spraggins, Memphis, 76-5-71; Bill Kerr, Beverly, Chicago, 83-4-79. Their total was 294.

Victor Sahner of Kansas City won the tennis singles, with Woodward Burgert of Chicago the runner-up. John Stephenson of New York and Todd Cartwright of Chicago won the doubles matches with John Thackara, Jr., of Philadelphia and Robert Pelton, Chicago, runners up.

Jo Gibson of Webster & Gibson, Nashville, Tenn. won the principal raffle prize.

Out of Town guests attending the party were:

OUT OF TOWN GUESTS ATTENDING

MONTGOMERY, ALABAMA

Sidney J. Mohr, King Mohr & Company.

LITTLE ROCK, ARKANSAS

J. E. Womeldorff, W. R. Stephens Investments; Dabbs Sullivan, Walton, Sullivan & Co.

DENVER, COLORADO

Malcolm Roberts, Sidlo, Simons, Roberts & Co.

CHICAGO, ILLINOIS

Charles S. Frye, Chicago Journal of Commerce; Dudley Smith, Investment Bankers Association.

PEORIA, ILLINOIS

Don L. Negley, Negley, Jens & Rowe, Inc.

DAVENPORT, IOWA

John M. Beyer, John H. Ruhl, Quail & Co.; Walter E. Vieth, Vieth Duncan & Wood; Carl N. Stutz, Blair A. Phillips, White, Phillips Corp.

DES MOINES, IOWA

Sherman W. Fowler, Iowa-Des Moines Natl. Bank & Trust Co.; James A. Cummins, Wheelock & Cummins, Inc.; Jack Sparks, Shaw,

(Continued on Page 300)

Investment Trusts

A permanent "National Association of Investment Companies" was proposed last week to various leading investment trusts in a special memorandum from The National Committee of Investment Companies. The new organization would be headed by Paul Bartholet, who is vice-president and treasurer of the Tri-Continental Group of investment companies, and has been a primary factor in ironing out the industry's problems with the Securities and Exchange Commission. Mr. Bartholet would resign from his other positions in order to devote his full time to the National Association.

Plans for the organization call for a continuation of the work of the present National Committee in cooperation with the Securities and Exchange Commission in the administration of the Investment Company Act of 1940. In addition the National Association would keep the industry informed regarding the development and administration of other federal regulations affecting the trusts.

The proposed annual budget for the new association for each of the next two years is $60,000, of which $29,000 would go for salaries and $12,000 for legal services. It is proposed to raise the necessary funds by annual membership dues of 3/400 of 1% of gross assets at market as of June 30, 1941, for open-end companies, with a minimum of $40 and maximum of $4,000 for any one company or group of companies under the same management. For closed-end companies the fee would be 2/300 of 1% of gross assets with limits of $35 and $3,500. The membership fee for the open-end companies is somewhat higher because of the inclusion of "blue-sky" work in the activities of the Association.

The new association would have an executive committee composed of the eight members of the present National Committee's executive committee and four additional investment company directors. The members of the present board who would serve on the new executive committee are:

Hugh Bullock, Vice President—Dividend Shares; Arthur H. Bunker, Executive Vice President — Lehman Corp.; Paul C. Cabot, Vice President—State Street Investment Corp.; William Tudor Gardiner, Chairman — Incorporated Investors; Merrill Griswold, Chairman — Massachusetts Investors Trust; James H. Orr, President—Railway & Light Securities Co.; Cyril J. C. Quinn, Vice President — Tri-Continental Corp.; Richard Wagner, President—Chicago Corp.

The four new members who have agreed to serve are:

Frank Altschul, President — General American Investors Co.; F. Wilder Bellamy, President—National Bond & Share Corp.; Charles F. Eaton, Jr, Trustee—Eaton & Howard Balanced Fund; David M. Milton, President — Equity Corp.

If the National Association were to accomplish no more than a continuation of the work of the present National Committee it would furnish a real service to the investment trusts and to the financial community as a whole. The National Committee was an outgrowth of the cooperation between the trusts which developed at the hearings on the Investment Company Act. Its aim has been to help the SEC make its regulations workable on the theory that much grief could be avoided if, from the start, the regulatory body had practical information and suggestions regarding the method of operation. Though the National Committee has kept in the background and has received little publicity it has done much toward showing the SEC that the financial community can cooperate on methods, and more particularly in smoothing out the specific regulations affecting the trust and in clarifying the innumerable forms which the trusts have been required to file.

However, the investment trusts are in urgent need of an organization to further public relations as well as one to work on technical aspects of regulations. Perhaps the new National Association is not the proper organization to carry out a public relations program, but the industry would be ready to submit to quite a bit of ill-designed regulation in exchange for the complete confidence of the general public. This is, of course, especially true of the open-end investment companies who have shares to sell to the public; and it is interesting to note that the open-end companies are outnumbered about two-to-one on the proposed executive committee.

* * *

Investment Company Briefs

The lag in American stock prices since the beginning of the defense effort has not had any counterpart in the British market. A chart showing the ratio of industrial common stock yields to government bond yields for the period 1929 to date in the

(Continued on Page 303)

FUNDAMENTAL INVESTORS, INC.

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INC.

PROSPECTUS ON REQUEST

Wholesale Distributors
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JERSEY CITY
634 SO. SPRING ST.
LOS ANGELES

The Municipal Market

Home rule is little by little being sold by the municipalities for cash just as centuries ago they bought it from the kings of England for cash, David M. Wood, municipal finance expert and senior partner in Thomson, Wood & Hoffman, New York municipal attorneys, declared Tuesday at the annual convention of the National Security Traders Association in New Orleans. Mr. Wood addressed the convention's municipal forum on the subject "American Municipalities in Transition."

"A subtle change is now taking place in our municipalities," Mr. Wood said, "which in my opinion, bodes no good for the democratic form of government. The sturdy, almost beligerent, assertion of home rule, which reached its peak in the early Nineteen Hundreds, has been replaced by plaintive pleas for aid from the State or from the Federal Government."

This dependency of local governments upon the State and Federal Governments has resulted in the incorporation of local political organizations as subordinate branches of the State or national party in power, according to Mr. Wood, and the municipalities are being subjected to remote control.

Discussing the financial problems of the municipalities in respect to the increasing social service functions demanded of them, Mr. Wood said that the municipalities, to avoid constitutional debt limits, have created separate districts such as school districts, sanitary districts and street improvement districts, for the financing of which bonds are floated. In addition, he discussed the "revenue bond," another device for evading constitutional debt limitation. These evasions, Mr. Wood conceded, have been the results of necessity, but because of them the inhabitants of our municipalities are paying through the nose.

Municipal Credits Surveyed

The Committee on Municipal Obligations of the National Association of Supervisors of State Banks has prepared and plans to release tomorrow an interesting and valuable book, "Municipals". The work of this Committee on subject has been most thorough and painstaking. The Committee has sought and obtained able assistance and cooperation in the undertaking.

The study and preparation was started about three years ago for the purpose of providing in serviceable form a useful and practical outline of pertinent factors essential in analyzing municipal obligations from the point of view of investors.

The Committee makes clear that there is no thought in their presentation of attempting to develop a uniform system of classifying, grouping or rating municipal securities but that the effort is directed to the creation of a form or file which clearly and logically presents those factors important in analyzing the credit quality of a municipal obligation.

Following an interesting foreword and introductory chapter in the form of a brief report by the Committee explanatory of the purpose, there is presented a form of uniform credit file for municipal obligations which serves as an outline of the information necessary for a careful credit analysis and in appraising investment soundness. The form also serves as a work sheet for use in assembling the desired credit information. This is an excellent guide for uniform arrangement of pertinent data for current and subsequent use. There are also clear and informative advices for preparing municipal credit reports for the file including, for the purpose of illustration, specific examples.

In addition, under the general heading of "Municipal Credit Analysis" there are a number of chapters setting forth in a comprehensive manner fundamental considerations essential in evaluating general credit obligations and including a chapter on special types of general credit obligations. These chapters are of themselves an interesting and worthwhile study.

Also of interest and informative are a number of tables showing as of the close of last year the holdings of municipals by insured commercial banks. These tables are arranged so as to reflect the status of such holdings from different comparative angles. They evidence that the commercial banks insured by the Federal Deposit Insurance Corporation have a larger investment in obligations of state and municipal bonds than in any other class of security except U. S. Government obligations. These holdings equal 15% of total securities owned and over 50% of securities other than those of the U. S. Government. The book also includes a chapter of suggestive questions for use in analyzing municipal credits and an extensive and valuable bibliography.

The volume merits thoughtful and considered study by commercial bankers, investment bankers and investors interested in municipal; also financial officials of states and their political subdivisions, bank examiners, municipal accountants and students of municipal finance.

Numerous Municipal Waterworks Built by PWA

Since 1933, The American City reminds us, the Public Works Administration (PWA) has made direct grants in excess of $142,000,000 and repayable loans in excess of $67,000,000 toward waterworks projects costing in excess of $381,000,000.

An outstanding feature of this water-works construction program has been the large number of villages, towns, and unincorporated communities which have been enabled to install public water systems. Hundreds of communities which had been unable to afford such systems, formed water-works districts or incorporated as villages or towns in order to obtain PWA aid. An analysis of the PWA water supply projects shows that 700 communities, ranging in population from 200 to 6,000, installed complete new systems, 75 of the communities having populations of less than 1,000.

N. Y. State Highway Construction Advocate Elected

Proponents of a huge "pay-as-you-go" highway construction program won a powerful voice in the state legislature last week with the appointment of Senator Arthur H. Wicks, Ulster county Republican to succeed the late George L. Thompson as chairman of the important Senate Finance committee.

Wicks immediately revealed that he would make strong effort to defeat the $60,000,000 proposed bond issue for highways, an amount to be diverted from grade crossing elimination projects. Instead, Wicks is understood to be prepared to revive his proposal for a $200,000,000 highway bond issue to be financed out of gasoline taxes.

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Texas Road Bond Assumption Bill Passed

The special session of the Texas Legislature last Friday accorded final approval to the State Road Bond Assumption Bill, which had been of primary importance to the counties and road districts. This new measure serves to re-enact the act of 1939 insofar as it provided for the servicing of eligible county and district bonds as had been used in the construction of State highways, and provide the funds this year and next.

The salient differences between the bill just signed by Governor Stevenson and the existing though nonoperating law is that instead of all the counties, during this and next year, will get only half the so-called surplus, meaning that which is left in the servicing fund after existing eligible bonds have been cared for, which surplus, it is estimated, will amount to something like $2,750,000 this year, and perhaps more next year. The other half of the surplus will go into the state highway fund and so be available for building and maintaing state-designated highways.

The half going to the counties will be apportioned among them through the lateral road account in accordance with the same formula that has heretofore governed; that is, one tenth the total amount on the basis of county areas, two tenths on the basis of populations, three tenths on the basis of motor vehicle registration and four tenths on the basis of lateral road mileages.

Commenting on the features of the above act, Jack Garret of Garrett & Co., Dallas, states:

"Briefly, this bill as passed reenacts for the next two years the old law which reinstates exactly the same state aid on Texas county and district road bonds as existed heretofore. Our legislature was never divided on this question, and the only controversial matter was the allocation of the surplus over and above the amount necessary to service the state aid bonds. This controversial question was settled by an agreement to divide this surplus 50% to the state highway department and 50% to the various counties, allocation to be on the same basis as in the previous law. This surplus based on the present consumption of gasoline in the state amounts to some $150 million for the next 15 years which, as stated above, is to be divided equally.

"There was a great deal of adverse publicity due to the fact that this question was not thoroughly understood, especially outside the State of Texas, but Texas is glad to announce to the world that this law has now been reenacted and should quiet future rumors and fears as to state aid bonds."

New Miss. Road Building Financing Planned

It is stated on good authority that at the January session of the Mississippi legislature a new highway building program will be proposed to be financed with a $25,000,000 or $30,000,000 bond issue.

Proponents say that the steady increase of gasoline tax collections will be sufficient to finance the program, taking care of the interest and creating a sinking fund for redemption of the bonds when due.

Ohio Tax Chief Say Cities Don't Need State Funds

Replying to critics of the Bricker administration's fiscal policies, Ohio Tax Commissioner William S. Evatt asserted last week that local government needs for state money actually had declined in the last two years, instead of increasing.

"In 1941 local governments will spend for aid to dependent children $750,000 less of their own funds than they spent in 1939," Mr. Evatt said in a statement. "Expenditures for relief will decline approximately $3,250,000 below 1940. At the same time, revenues from local taxation have generally increased. * * *

"Although counties and cities are still refunding bonds, their debts have been generally reduced in recent years. * * * Local government debt has been reduced from almost one billion dollars in 1930 to less than $700,000,000 in 1940."

"For every dollar of tax revenues the state has to spend on old age pensions, highways, universities, welfare institutions and other functions of state government, the local governments have $4.39 of tax revenue for the governmental functions they perform."

Minn. Auditor Urges Reduction on Borrowing

Minnesota's indebtedness has beed reduced $14,185,171 in the last 2½ years—the greatest for a comparative period of time in the history of the state.

Stafford King, state auditor, so advised Gov. Harold E. Stassen in a report, which reveals that the state's total indebtedness on June 30, 1941, was $115,602,489 as against $129,787,660 on Jan. 1, 1939. King reported that in 1937 the indebtedness reached an all-time high of $134,155,892.

Four specific recommedations, in which he explained his reasons, were made to the governor by the state auditor as follows:

Credit should not be used by the state to subsidize private industry.

Borrowing should be done slowly, and always with a long-range plan which should never carry repayment beyond the state's current ability to pay.

The state should never borrow to established a "loan fund."

No state bonds or certificates should be issued for a longer period than 20 years.

Connecticut Cannot Use Surplus Fund

The State of Connecticut has a surplus of $3,117,511, which, under a new law, may be used only for the retirement of State bonds, and pending such use the funds may be deposited in mutual savings banks.

"We don't know what to do with it," the State's Finance Commissioner, Lewis W. Phelps, commented on Tuesday. "There are no Connecticut bonds on the market for purchase, because they are first-rank investments, which holders don't like to give up. We also are stumped by the fact that banks don't want large deposits. So, it is possible that the money may rest indefinitely in the treasurer's safe."

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Fla. Airport Bond Law Held Valid

The Supreme Court recently upheld an act of the 1941 Legislature authorizing county commissions to issue bonds for construction of airports.

The court affirmed a Monroe county circuit court validation of a $40,000 bond issue for financing an airport at Key West.

The lower court's ruling was appealed here on the contention that construction of an airport was not a county purpose within the meaning of the state constitution.

"What constitutes a county purpose is not static and inflexible," the Supreme Court said in a decision by Justice Glenn Terrell.

Housing Bonds Awarded

Last week a total of 19 series A local housing authority bonds were offered and syndicates headed by Phelps, Fenn & Co. of New York, obtained the award of 14 issues, outbidding other interested houses. These issues are said to have been received with gratifying public demand, indicating that, as they become more widely known, their worth and fairly liberal yield are better understood.

The bond sales represented 10% of the cost of the several projects, the other 90% being sold at the same time to the U. S. Housing Authority. Short-term notes to banks had been previously sold to finance the projects and bond sales are made upon completion of such housing projects.

Sept. 25th (Today)

$697,000 Essex Co., N. J.

The county awarded bonds in Dec. 1939, to a syndicate headed by H. L. Allen & Co. of New York. Runner-up in the bidding was the West Side Trust Co. of Newark, and M. M. Freeman & Co. of Philadelphia, bidding jointly.

Sept. 26th

$731,000 North Arlington, N. J.

There have been no important sales by this borough recently.

Sept. 30th

$9,000,000 State of Maryland

The general bond issue of 1941 was awarded on June 25 to the First National Bank, and the Harris Trust & Savings Bank, both of Chicago, jointly. Runner-up in the bidding was Dick & Merle-Smith of New York. On June 12, a $6,000,000 bridge revenue refunding issue went to a group headed by Alex. Brown & Sons of Baltimore.

Oct. 9th

$14,100,000 Philadelphia, Pa.

Syndicate headed by Drexel & Co. of Philadelphia, obtained award of the bonds offered in Dec. 1939. Second best bid was entered by the First Boston Corp., and associates.

Winslow, Douglas To Admit Walter Austin

Walter V. Austin, member of the New York Curb Exchange, will become a partner in Winslow, Douglas & McEvoy, 120 Broadway, New York City, members of the New York Stock and Curb Exchanges, as of October 1st. Mr. Austin was formerly an individual Curb floor broker in New York and prior thereto was a partner in Whitehouse, Hudson & Co. and Dyer, Hudson & Co.

DIVIDEND NOTICES

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 75c per share on the Common Stock of the Company. Both payable October 1, 1941 to Stockholders of record September 19, 1941.

ROBERT B. BROWN, Treasurer.

JOHN MORRELL & CO.

DIVIDEND NO. 48

A dividend of Fifty Cents ($0.50) per share on the capital stock of John Morrell & Co., will be paid October 25, 1941, to stockholders of record September 30, 1941, as shown on the books of the Company.
Ottumwa, Iowa, Geo. A. Morrell, Treas.

NATIONAL POWER & LIGHT COMPANY
$6 Preferred Stock Dividend

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment November 1, 1941, to holders of record at the close of business October 2, 1941.

ALEXANDER SIMPSON, Treasurer.

"Call for
PHILIP MORRIS"

New York, N. Y.
September 17, 1941

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, has been declared payable November 1, 1941 to Preferred Stockholders of Record at the close of business on October 15, 1941.

There also has been declared a regular quarterly dividend of 75¢ per share on the Common Stock, payable October 15, 1941 to Common Stockholders of Record at the close of business on September 30, 1941.

L. G. HANSON, Treasurer.

UNITED STATES SMELTING
REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on October 15, 1941 to stockholders of record at the close of business October 2, 1941.

GEORGE MIXTER, Treasurer.
September 23, 1941.

Maine Dealers Move To Avert Extinction

(*Continued from Page 291*)

petition may communicate with Edward E. Chase.

The text of the petition follows:

To the Congress of the United States:

There have been proposed to Congress certain amendments to the Securities and Exchange Act.

One proposed amendment recommended by the New York Stock Exchange and the New York Curb Exchange, and apparently desired by the Securities and Exchange Commission, would greatly extend the requirements for publication of corporate information in connection with the solicitation of proxies. (SEC report, August 7, 1941, page 35. Also conference report on pages 242-247).

As a group, we neither approve nor oppose this amendment, which is ostensibly designed for protection of stockholders. We desire to point out, however, that in practical operation the effect of this amendment upon our business would be to place the distributor dealers at a great disadvantage in competition with Exchanges, and especially with the New York Curb Exchange.

The New York Curb Exchange may now apply to the Securities and Exchange Commission for unlisted trading privileges in securities upon which complete information is available, and the Commission may grant such application without the consent of, or even against the wish of, the issuer. If the proposed amendment should be adopted, and the publication of complete information required by law, corporations would be unable to prevent exchange trading in their securities, even if they should deem such exchange trading conducive to speculation and irresponsible ownership; while the distributing dealer would be exposed to the trouble and expense of continually opposing the ambitions of the Curb Exchange, and other Exchanges, to take away his business.

We oppose the adoption of this amendment, unless it should be supplemented by another amendment protecting us against this inherent danger.

To this end, we propose a further amendment, which will be embodied in a bill now being prepared for introduction in Congress, to amend Section 12(f) of the Securities and Exchange Act so as to prevent the granting of unlisted trading privileges to any Exchange, except in securities fully listed by application of the issuer upon some Exchange.

At the hearings on this and other proposed amendments we shall explain in greater detail why we believe that our position is consistent with fair play, and in the public interest.

We ask for your support of our position.

Firms Merging to Form Content, Hano & Co.

Effective October 1st, Content, Zuckerman & Co., one of the oldest New York Stock Exchange houses, will merge with Hano & Co. of Philadelphia to form Content, Hano & Co. The new organization will have offices at 39 Broadway, New York City, 1505 Walnut Street, Philadelphia, and the Calvert Building, Baltimore.

Partners of Content, Hano & Co. will be: Harry Grobosky, Exchange member, H. Bertram Smith, Manfred Neumoegen, Exchange member, all of New York, Leonard B. Geis, Lester Hano, Lester E. Degenstein, and John Small, of Philadelphia, general partners; Samuel Goldsmith, New York, H. E. Gerstley and Nathan Hamburger, of Philadelphia, Limited partners.

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You probably know several life insurance agents in your community. They have been instrumental in placing large and small amounts of insurance on the lives of your fellow citizens. Whatever the total, this life insurance is really money for women, children, and elderly people, money to provide bread and butter, a roof over their heads, and some of the comforts of life.

In most cases the money would not be there had it not been for the agent who did a real job in selling the insurance. We know that most people would not be well insured if it hadn't been for some agent. We also know that according to records about 80% of our families receive little or nothing but life insurance money when the head of the family dies.

•

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Cleveland Bond Club Annual Fall Outing

CLEVELAND, OHIO—The annual Fall Frolic of the Bond Club of Cleveland will be held on September 26th at the Country Club, featuring the group's third annual party for syndicate managers.

Golf will be the main event of the outing which is to be an all-day affair, Breakfast, buffet luncheon and dinner will be served members and their guests.

The Bond Club announces that already many representatives of underwriting houses in New York and other cities have accepted invitations to attend.

Write For Rail Circular

Clark, Kohl & Eyman, 55 Liberty Street, New York City, have prepared a circular comparing the stocks of The Boston & Maine Railroad with the stocks of marginal roads such as New York Central, Illinois Central, Southern Railway, etc. Copies of the circular will be sent by Clark, Kohl & Eyman on request.

The firm has just installed a new Bell System teletype — NY 1-1047..

Tomorrow's Markets Walter Whyte Says——

(*Continued from Page* 291)

so called second grade issues, the dogs of yester-year which grabbed off what limelight there was to grab.

* * *

A lot of people refer to such stocks by the mysterious sounding words: "Special Situations." The term is probably as good as any. I feel, however, that most stocks which come in this high falutin special-situation category, are anything but.

* * *

As far as I am concerned a special situation is a stock the other fellow always has. Yours is always a dog, though not at the beginning. For at the beginning it is always the cream of the market—it's going to make you rich. It isn't until a few months have gone by that you begin to realize that the stock you bought with such high hopes has done nothing while the other guy's stock has gone up ten points or so. It is then that the words "special situation" begin popping up and you get busy looking around for them.

* * *

In the last few months I have recommended a number of stocks which, I suppose, can be called "special situations." I assure you however that none of these came into our list because of any involved studies of their statistical positions. They were advised because of one thing only; their market action.

* * *

If you're curious to know what stocks I'm talking about, take a look at say, Savage Arms of N. Y. Shipbuilding.

* * *

When I first recommend them nobody wanted them. They were war babies and everybody knew how lousy the war babies had acted in this war. Instead the favorites were Bethelehem or Big Steel or General Motors. I had nothing against any of these stocks then. I haven't now. But their tape action didn't say "up" to me. So despite the formidable array of figures proving that such companies were making money hand over fist I decided to let the other guy worry about them.

But all this is in the past and hardly answers the all important question, "what about from here on?" So without further ado I'll try to answer that.

* * *

Last week I told you that despite the inability of the averages to get through widely publicised resistance levels a number of stocks have not only done so but in a few cases have managed to go through the equivalent of 150 in the Dow averages. Last Wednesday the market closed up with a puff and this time it was the leaders that did most of the puffing. The next day, apparently all out of breath, they sank back into their customary lethargy yet they managed to do a nice piece of work. The leaders finally managed to get up to what is called "mass centers" a feat they haven't been able to accomplish for these many months. This means that the leaders in common with the second grades are now in a position to move fast on the slightest opportunity.

* * *

But this doesn't mean that the leaders are now in a buy position but it does mean that any further advance will put them in the clear where a buy can be given serious consideration.

* * *

In any case the whole market is again beginning to shape up as one capable of finally breaking out of its long rut.

* * *

Of course there is news to consider. But neither you nor I know what this news will be or what form it will take. However the market will, in its own fashion, warn you if the news is good or bad. That means of course that "stops" cannot be lightly ignored.

* * *

Summing it up: The market it acting well; the leaders are doing better and all positions should remain undisturbed unless and until "stops" are broken.

* * *

W. F. St. Louis, Mo. Sorry pressure of work doesn't permit personal replies. Recommended Western Union at 24 and advised profits at 30. Stock is now about 28. Stock now in indeterminate market position. Has nothing to do with earnings ratio. I advise purchases based on market action not earnings outlook. The former usually foretells the latter. Suggest limiting new buys to stocks in list. Refer you to previous columns.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the follow weekly firm changes:

James J. Minot, Jr., partner in Jackson & Curtis, New York and Boston, now signs James J. Minot.

Charles H. Van Buren, special partner in McClave & Co., New York City, died on September 13th.

Interest of John E. Riley, deceased, in Francis, Bro. & Co., St. Louis, Mo., ceased as of August 26, 1941.

A Bond Buy For Banks

An interesting circular describing a bond of bank quality yielding 6¾% has been prepared for distribution by A. O. Van Suetendael, 15 North Broadway, Yonkers, N. Y., from whom copies may be obtained upon request.

WHISPERINGS

Norman Sitzenstatter of J. H. Acker & Co., is not going around these days boasting of his financial acumen. It all dates back to the day when Norman was sitting in the office wondering about nothing at all when a necktie salesman walked in and proceeded to display his wares. More in a desire for company than anything else Norman encouraged the salesman to keep on with his sales talk, a desire which resulted in the salesman selling Norman three ties. However, the impression left on the salesman must have been a lasting one for the next day he rushed in and explained excitingly that he had just been offered a Big Deal. Some firm or other was sending its people out to a convention or something and had ordered 20 red ties. The only catch, according to the salesman, was that he did not have the capital to finance such a purchase, and would Norman, who showed himself to be a regular guy, help him out. Just for a few hours, the salesman assured him, and the money would be returned gratefully. Overcome by the forceful rhetoric of the salesman Norman dug down and handed over $4 and received undying assurances of not only gratefulness but an earnest promise that the money would be returned in a few hours. Two weeks have passed and Norman's belief in human nature is shattered — for no four bucks or any salesman has materialized.

Piper Aircraft may soon find itself in the General Motors family. . . . According to CBS the first question asked by foreign correspondents when the wires open mornings is "How did the Dodgers make out?". . . .

Defense program has brought out a lot of funny things—anyway they're odd. For example a couple of Wisconsin grandmothers were excited and flattered no end to get mash notes from soldiers. It turns out that they (the grandmothers) had put their names into aluminum canteens they helped make for the U. S. Army 24 years ago. How could the soldiers know these canteens were made for War No. 1 and are just now being distributed. . . . One of the brass hats deciding that Molotov cocktails (gasoline filled bottles used to disable tanks) were just the thing ordered 1,500 bottles from one of the largest glass companies. In due time they arrived; beautiful things, but they didn't work. Instead of exploding and bursting into flame when thrown at a tank they just bounced and rolled away harmlessly. Seems the company filling the order tried to outdo itself (specifications were hazy anyway) and sent unbreakable (dura-glass) bottles.

E. W. & R. C. Miller of the Philadelphia Millers amuse themselves these days — particularly when business just "ain't"—by peering across the street into the beauty parlor which always seems to be doing a rushing business. One day the Millers received a letter from the beauticians asking them to refrain from using field glasses to look through into their windows. "We'll stop" replied Connie in answering the letter, as soon as you wash your windows."

During the recent electrical disturbance, which played all kinds of tricks on radio programs, we heard one announcer extolling the benefits of Ex-Lax. Suddenly another voice—a booming one—broke in. "It's modern design that makes the difference!"

Harold Nash of H. N. Nash & Co., Phila., met a friend the other day who promptly proceeded to tell him about the $135 tax refund he had received from the income tax people. "That's great!" broke in Harold. "You can now pay me the $50 you owe me." The friend replied quickly: "Hold your horses!. Let me tell you the rest of my dream!"

There may be a shortage of gasoline on the eastern seaboard but in Canada, you can still buy all the gas you want.

A certain broker was called upon to do a service for a client. It consisted of convincing a certain lady acquaintance that some things were just not done. The lady being of a legal frame of mind insisted that as her heartbalm she get some stock in her ex-friend's radio station. "But you can't do that!" explained the broker. "Your ownership of the stock would have to be shown in the data filed with the Federal Communications Commission". . . . "That's all right" assured the lady. "I've got lots of things that are on file with the SEC. What's good enough for the SEC shouldn't trouble the FCC."

Railroad Securities

(*Continued from Page* 293)

remaining net may not be passed along to stock holders after the new company has been in operation for a reasonable time.

Erie is expected to earn around $3.50 a share on its common after deduction of the additions and betterment fund in 1941. In comparison, New York Central is expected to earn a maximum of $5.00, but without any such deduction. If "Central" had to report an additions and betterment fund such as Erie's, the estimated $5.00 earnings would be reduced to $3.65. Even this would be without any deductions for sinking fund.

These statistics give some idea of just how much larger earnings other roads would have to report than Erie would, in order to justify a similar dividend policy. While it is obvious that a considerable portion of Erie's current earnings stem from the armament effort, it is notable that even without such a stimulus there would have been earnings on the common in seven of the past ten years. As the Erie reorganization does not contemplate transfer of the properties to a new company, the road does not face the possibility of a heavy excess profits tax liability such as other reorganization roads may. When the unique status of Erie in this respect gets wider general recognition it should further bolster sentiment towards the new equities.

Continuing As Individuals

The partnership of H. G. Tully & Co., 19 Rector Street, New York City, is being dissolved as of the close of business September 30th, 1941.

Herbert G. Tully and Richard G. Tully, both members of the New York Curb Exchange, will continue in the securities business as curb floor brokers from offices at the same address; the same telephone number will also be retained.

"JOTTINGS"

(Continued from First Page)

was an AFL effort to oust an independent union. The "captive mine" strike is a bid for a union shop. The strikes in the Birmingham mines, at Crucible, Great Lakes, Clairton, and in the anthracite fields, were wild-cat strikes. The ship strike and the threatened strikes at Bethlehem are in violation of agreements. The Detroit street-railway strike was for exclusive bargaining privileges.

Meantime the Canadian government has banned strikes unless they start with a majority vote of the workmen involved, in a government-supervised election. The abortive rebellion in the Hod-Carriers' Union, squelched by Green, the strike of the anthracite men against higher assessments by United Mine Workers, and popular polls recently taken among workmen indicate an apparently growing rank-and-file dissatisfaction with union policies.

Despite Bernard Baruch's blessing, Henderson is obviously going to have considerable opposition as price boss when the new price control bill is passed and not simply because the job "naturally" produces a crop of dead cats. Henderson's OPA hasn't accumulated a very good record and its mistakes, far from being unavoidable, appear to have been in considerable part due to an anti-business slant on the part of his staff and to wilful ignorance of trade technicalities. Several commodity trades have been thoroughly mauled by OPA's methods and some, particularly importers, put out of business "for the duration." The first gray goods ceilings stopped Worth Street trading for a month, had to be revised, and have now been replaced by a direct tieing of gray goods to the day-to-day price of cotton. A recent hasty anthracite price ruling has had to be reversed, liquidation of rubber futures has at last been allowed, and after months of delay the confusion produced by the initial hide ceilings finally led OPA to accept differentials. Many price ceilings, established only by the "jawbone method," have proved to be written in sand, for those affected, including Chrysler, many steel scrap dealers, the anthracite people, and some textile mills, have simply felt that the ceilings were too unfair to be accepted without coercion. OPA's tracks through the American price structure in recent months are marked by a long series of complaints and grievances and that isn't due simply to the fact that anybody whose prices are controlled automatically is antagonised. Whether OPA is actually staffed with fellow-travellers or not, its record indicates that it is largely staffed by men without the feeling of free enterprise.

On the other hand, few people probably realize the political costs of a general price ceiling. Even the present bill involves injunctions against violators, authorization of treble damages to buyers of above - ceiling wares, licensing of sellers and buyers, and penalties of $5000 or a year in jail for wilful imprisonment.

Despite recent publicity in connection with its request for more money, RFC's size, scope, and recent rebirth are little realized. Its total authorizations and commitments run well over $18,000,000,000. It has made commitments of some $3,900,000,000 for defense, over $3,000,000,000 of that in the last six months. Its money is available to cities to take over utility death-sentence orphans; to countries all over the world for lease-lend and total-purchase programs. It recently advanced $50,000,000 to Amtorg, for which it will soon receive platinum, manganese, etc. Its Defense Plant Corporation has invested over $2,000,000,000 in defense plant construction, and that doesn't mean merely armaments, but magnesium, aluminum, and even steel plants. It is already the world's largest owner, through its filials, of commodities, in which its investments will soon pass those of CCC. In fact it or its affiliates are already the sole importers of rubber and silk, and soon may have a monopoly on the handling of other staples.

The shipping shortage appears likely to be considerably relaxed in coming months. For one thing, the rate of construction is actually already a shade ahead of sinkings—far sooner than could have been expected. Sinkings are running around a rate of 2,000,000 tons a year; British launchings around 1,000,000 tons, and American launchings well above that. Add 300,000 tons of Axis ships taken over recently in South America; economies from centralized operation under the Ship Warrant Act and modification of the Neutrality Act; and even a slight chance of some use of Japanese ships if the Far Eastern tension relaxes.

This is not an Offering Circular. The offer of these Bonds is made only by means of the Offering Circular.

NEW ISSUE September 24, 1941

$18,000,000

Erie Railroad Company Ohio Division

First Mortgage 3¼% Bonds

(Issued by the Trustees of the Property of the Erie Railroad Company)

Dated September 1, 1941 Due September 1, 1971

Interest payable March 1 and September 1 in New York City

Coupon Bonds in denomination of $1,000, registerable as to principal. Fully registered Bonds in denominations of $1,000, $5,000, $10,000 and authorized denominations larger than $10,000. Coupon and registered Bonds interchangeable.

Redeemable at any time, as a whole or in part, at the option of the obligor, upon 45 days' notice, at the following redemption prices: to and including September 1, 1946, 107%; thereafter, to and including September 1, 1951, 105½%; thereafter, to and including September 1, 1956, 104¼%; thereafter, to and including September 1, 1961, 102¾%; thereafter, to and including September 1, 1966, 101½%; and thereafter 100%; in each case together with accrued interest.

Non-cumulative semi-annual sinking fund of $90,000 to be applied to the purchase or redemption of Ohio Division First Mortgage 3¼% Bonds.

The issue and sale of these Bonds and the acquisition by the Erie Trustees of railroad property to be mortgaged are subject to authorization by the Interstate Commerce Commission.

PRICE

102½% for principal amounts to $499,000

101¾% for principal amounts of $500,000 and upward

Accrued interest to be added in both cases

(Bonds will be sold at the price of 101¾% only to single purchasers who furnish assurances satisfactory to the undersigned that such Bonds are being purchased for their own account for investment)

Subject to certain terms and conditions, the undersigned have agreed to purchase these Bonds from the Erie Trustees at 101.0959% and accrued interest to the date of delivery.

These Bonds are offered subject to prior sale when, as and if issued and accepted by us and subject to the approval of Messrs. Davis Polk Wardwell Gardiner & Reed of all legal proceedings in connection with their issue and sale; and subject further to the condition that the order or orders of the Interstate Commerce Commission authorizing their issue and sale and the acquisition by the Erie Trustees of railroad property to be mortgaged shall have become effective on or before October 30, 1941, and shall be in effect on the date of payment. It is expected that delivery of Bonds in temporary form will be made at the office of The First Boston Corporation against payment therefor in New York funds.

In order to facilitate the distribution of the Bonds the undersigned may make purchases or sales of the Bonds (but without obligation to do so) in the open market or otherwise, for long or short account, on a when-issued basis or otherwise, at such prices, in such amounts and in such manner as is provided for in the agreement among the undersigned.

The foregoing is merely a brief outline of certain information contained in the Offering Circular dated September 24, 1941, and is subject to the more detailed statements therein. The entire Offering Circular should be read prior to any purchase of these Bonds. Copies of such Offering Circular may be obtained from the undersigned.

The First Boston Corporation

Lazard Frères & Co.
Stone & Webster and Blodget
Incorporated
Union Securities Corporation
Drexel & Co.
Estabrook & Co.
W. E. Hutton & Co.
Alex. Brown & Sons
Green, Ellis & Anderson
Harris, Hall & Company
(Incorporated)
G. M.-P. Murphy & Co.
Stein Bros. & Boyce

Corporation Bond Traders Luncheon

The Committee on Arrangements of The Corporation Bond Traders Club of New York has announced that beginning Tuesday, Sept. 23rd, members will meet for luncheon at the Au Coq D'Or Restaurant at 129 Maiden Lane, New York City, from 12:00 to 2:00. It is planned to hold luncheons every other Tuesday.

The club was organized in 1934 by a small group of corporate bond traders. It now has a membership of about 150 men from the leading investment houses in Wall Street.

Joseph S. Nye of Freeman & Co. is president; Frank R. Verian, Merrill Lynch, Pierce, Fenner & Beane, vice president; Elliott Bliss, Harriman Ripley & Co., Inc., secretary; and Allen J. Nix, Riter & Co., treasurer. In addition to the officers the following are members of the Board of Governors: Charles L. Bergmann, R. W. Pressprich & Co.; Charles H. Jann, Lazard Freres & Co.; and Emmett Lawshe, Shields & Co.

The following committee chairman have been named: Gibby Powell, White, Weld & Co., Committee on Arrangements; George V. Hunt, Starkweather & Co., Reception Committee; and Walter V. Kennedy, Newman Bros. & Worms, Membership Committee.

INTERNATIONAL MERCANTILE MARINE COMPANY

(I. M. M. CO.)

Plan for Refinancing of

First Mortgage and Collateral Trust
Six Per Cent. Gold Bonds
DUE OCTOBER 1, 1941

To the holders of First Mortgage and Collateral Trust Six Per Cent. Gold Bonds due ***October 1, 1941:***

INTERNATIONAL MERCANTILE MARINE COMPANY has submitted to the holders of the above mentioned bonds a Plan for refinancing such bonds. **The subject matter of the Plan is of utmost importance to all holders of bonds.**

Copies of the Plan with a letter transmitting the same to bondholders and forms to be used in accepting the Plan have been *mailed* to all **known bondholders.**

Bondholders who have not received copies of the Plan and such other material are urged to send their names and addresses promptly to **International Mercantile Marine Company, No. One Broadway, New York, N. Y.** so that copies thereof may be sent to them at once.

Copies of the aforementioned letter and Plan are available at the office of the Company and at the office of New York Trust Company (Corporate Agency Department) 100 Broadway, New York, N. Y. which has been designated as Depositary under the Plan.

Bondholders who assent to the Plan should deposit their bonds together with the Letter of Assent and Transmittal with the New York Trust Company, 100 Broadway, New York, N. Y., Depositary, IMMEDIATELY.

This must not be construed as a solicitation of assents to the Plan.

Dated, New York, September 12, 1941.

INTERNATIONAL MERCANTILE MARINE COMPANY
By CHARLES F. BRADLEY, *Secretary.*

Chicago Municipal Club Annual Sports Tourney

(*Continued from Page* 295)

McDermott & Sparks; Robert H. McCrary, Murdoch, Dearth & White, Inc.

TOPEKA, KANSAS

Jack B. Snyder, Estes, Snyder & Co.

LOUISVILLE, KENTUCKY

J. P. Burkholder, Jr., Almstedt Bros.; Thomas Graham, The Bankers Bond Co.; Marion Cardwell, J. J. B. Hilliard & Son; Wm. O. Alden, O'Neal-Alden & Co., Inc.; Chester A. Lucas, Stein Bros. Boyce.

NEW ORLEANS, LOUISIANA

Walter D. Kingston, Lamar ,Kingston & Labouisse; James E. Roddy, Scharff & Jones, Inc.; H. W. Arnold, Weil & Arnold; Gilbert Hattier, Jr., White Dunbar & Co.

BOSTON, MASSACHUSETTS

F. Brittain Kennedy, F. Brittain Kennedy & Co.

DETROIT, MICHIGAN

Harold R. Chapel; Crouse & Co.; Douglas H. Campbell, First of Michigan Corporation; Gerald E. Miller, Miller, Kenower & Co.; Kenneth K. Martin, Peninsular State Company.

MINNEAPOLIS, MINNESOTA

W. J. Allison, Allison, Williams & Company; Milo Meier, C. S. Ashmun Co.; William W. Lewis, Bigelow, Webb & Co.; C. A. Burnham, First National Bank & Trust Co.; Donald W. Green, Investors Syndicate; Palmer Jaffray, Piper, Jaffray & Hopwood; Robert L. John, Thrall West Company; R. G. Andrews, Wells-Dickey Company; Paul Burkland, Northwest National Bank & Trust Co.

ST. PAUL, MINNESOTA

W. A. Smith, First National Bank; Rudolph S. Juran, Ralph Webber, Juran, Moody & Co.; Horace Commer, Bert Turner, Kalman & Co.; R. G. Egan, Mannheimer-Caldwell, Inc.; Leo Quist, Harold E. Wood & Co.

KANSAS CITY, MISSOURI

F. D. Farrell, City National Bank & Trust Co.; Harold C. Evans, Commerce Trust Company; Richard Sterm, Stern Bros. & Company; Victor H. Zahner, Soden & Company.

ST. LOUIS, MISSOURI

H. F. Hagemann, Jr., Boatmen's National Bank; Andrew S. Mills, Francis Bros. & Co.; Clarence Blewer, Mercantile-Commerce Bank & Trust Co.; James F. Quigg, Mississippi Valley Trust Company; Wm. H. Burg, Smith, Moore & Co.; B. K. Hagemann, G. H. Walker & Co.

OMAHA, NEBRASKA

F. J. Bender, Wachob-Bender Corp.

NEW YORK, N. Y.

G. C. Stevenson, Bacon, Stevenson & Co.; W. M. Barr, Kenn, Cassin, Charles Pope, Barr Bros. & Co.; C. Bruce Campbell, Campbell, Phelps & Co., Inc.; Robert H. Rich, Charles Clark & Co.; John W. de Milhau, Chase National Bank of New York; Lee W. Carroll, John B. Carroll & Company; Harley A. Watson, Eldredge & Company; P. S. Russell, Jr., Glore, Forgan & Company; Henry Harris, Goldman, Sachs & Company; E'wood D Smith, Harriman, Ripley & Company; James D. Topping Hopkins & Topping; Walter H. Steel, Lazard Freres & Company; Ferris S. Moulton, R. H. Moulton & Co.; Wm. R. M. Fenn, Phelps, Fenn & Co.; John Clapp, E. W. Pressprich & Company; E. A. Crone, Riter & Co.; Chester A. Atwood, L. F. Rothschild & Co.; L. Eugene Marx, Salomon Bros. & Hutzler; Saul Schwamm, H. L. Schwamm & Company; Harry Downs, Harry Downs & Company; John A. Stephenson, Jr., Dun & Bradstreet, Inc., 290 Broadway; William P. King, Kaiser & Company; Frank Adams, White, Weld & Company; William S. Morrison, Jr., Harris Trust & Savings Bank.

CLEVELAND, OHIO

John S. Clark, Fahey, Clark & Company; Russell J. Olderman, Field, Richards & Company; Clarence Davis, E. Legros, The First Cleveland Corporation; R. O. Shepard, Hawley, Shepard & Co.; A. M. Newton, Hayden, Miller & Co.; R. B. Denison, Merrill, Turben & Co.

CINCINNATI, OHIO

George H. Kountz, Einhorn & Co.; Charles F. Conners, Pohl & Co., Inc.; Robt. B. Isphording, Van Lahr, Doll & Isphording; Wallace Holzman, Widmann & Holzman, Erwin J. Moster, Weil, Roth & Irving.

COLUMBUS, OHIO

Todd Cartwright, Blair & Co., Inc.

TOLEDO, OHIO

Hazen S. Arnold, James D. Magee, Braun, Bosworth & Company; Burt T. Ryan, Ryan Sutherland & Company; Durwood DuBois, Robert S. Mikesell, Stranahan, Harris & Co., Inc.

PHILADELPHIA, PA.

Charles V. Thackara, Barclay, Moore & Co.; H. Frazier Sheffer, E. W. Clarke & Co.; Walter A. Schmidt, Schmidt, Poole & Co.

MEMPHIS, TENNESSEE

J. E. Denham, First National Bank; Wendell Spraggins, Municipal Bond & Investment Co.; James C. Lancaster, Union Planters National Bank & Trust Co.

NASHVILLE, TENNESSEE

Leonard Glymp, Commerce Union Bank; Carr Payne, Cumberland Securities Corporation; Cale Haun, Wm. R. Hendrix, Equitable Securities Corporation; DeWitt Carter, Nashville Securities Co., Inc.; Jo Gibson, Jr., R. C. Webster, Webster & Gibson; Marion Thomas, W. N. Estes & Company.

GALVESTON, TEXAS

J. M. Moreland, Moseley & Moreland.

HOUSTON, TEXAS

Lovett Abercrombie, Gregory, Eddleman & Abercrombie; Waldo E. Knickerbocker, McClung & Knickerbocker, Inc.

SAN ANTONIO, TEXAS

Elmer A. Ditmar, Mahan, Ditmar & Co.; E. J. Roe, E. J. Roe & Company.

MILWAUKEE, WISCONSIN

James J. Daggett; Old Line Life Insurance Co.; N. L. Dunne, Wisconsin Company.

John D. Emery Joins McMaster Hutchinson

(Special to The Financial Chronicle)

CHICAGO, ILL.—John Douglas Emery has become associated with McMaster Hutchinson & Co., 105 South La Salle Street, members of the Chicago Stock Exchange. Mr. Emery was formerly a partner in Olin, Emery & Co. and in the past was with Apgar, Daniels & Co.

Johnson, Wood Admit Chalmers Wood

Chalmers Wood, member of the New York Stock Exchange, will be admitted to partnership in Johnson & Wood, 67 Broad Street, New York City, members of the New York Stock and Curb Exchanges. Mr. Chalmers was formerly an individual floor broker and in the past was a partner in Johnson & Wood.

UP-TOWN AFTER 3

THE STAGE

"The More The Merrier" a farce by Frank Gabrielson & Irvin Pincus. Directed by Otto I. Preminger. Produced by Otto L. Preminger and Norman Pincus at the Cort Thea. N. Y.

The first farce of the 1941 season started with a promise it never quite managed to live up to. The settings are arranged cleverly enough to permit people to dash frantically up and down stairs, a feat they accomplish with considerable noise if little comedy. It all begins with the policital ambitions of a rich man who hires a press agent to further his plans. The press agent, down with appendicitis, sends assistant instead who in turn hires ex-wife and her boy friend to help in campaign. All meet in rich man's mountain castle but find lack of cash prevents them from leaving for Colorado where politician is to meet them. So they turn home into tourist haven to get cash but new complications set in. A murdered man, a couple of ex-convicts, a finicky old maid, and other and assorted characters turn the millionaire's home into a bedlam. There's a lot of dashing in and out of doors. There are even a few hilarious moments; but only a few. This reviewer found it all confusing but the audience roared and roared.

THE SCREEN

"You'll Never Get Rich" (Col.) starring Fred Astaire and Rita Hayworth, with Robert Benchley, John Hubbard and Frieda Inescort. Directed by Sidney Lanfield.

A throughly satisfying musical featuring the swell dancing of the one and only **Astaire** and the crazy antics of **Robert Benchley.** The story isn't much. It doesn't have to be but the Nye Committee will probably find "propaganda" (good old Nye committee!!). It tells the story of a dance director (Astaire) who enlists in the army to get away from girl trouble (Rita Hayworth) most of which is caused by tomcat proclivities of producer (Benchley). The songs are pleasant; the dancing is tops; the comedy is adequate. The whole thing adds up to a grand movie.

"Texas" (Col.) starring William Holden, Glenn Ford & Clair Trevor. With George Bancroft, Edgar Buchanan and others. Directed by George Marshall.

A delightful western full of hard riding, gun shooting and cattle rustling he men which doesn't take itself too seriously until the last two reels. One of the best performances is turned in by Edgar Buchanan who acts the part of a small town dentist with a dry sense of humor. If it weren't for him the picture would be just another one of those winning-of-the-west-things. With him it's not only interesting but fun to see.

RESTAURANT

"Theodores" (4 E. 56th) reopened it's doors for the fall season showing off it's new Vernon MacFarlane decorations. These consist of new lighting effects, glass partitions new wall coverings and other doodads we can't recall. The food however needs no improvement. It's still everything you can ask for. **Mele,** owner, and **Francois,** headwaiter, are again at the front door as gracious and as willing to please as ever. By the way if you like chicken that's different try the Chicken Brazilian here. It's a specialty and just about the best chicken we have tasted.

NEW YORK NIGHT LIFE

Last Wednesday night was a big one in cafe society circles but as we have yet to discover a way to be in three places at the same time we decided to visit the **Ruban Bleu (4 E. 56)** to see what Herbert Jacoby had on tap for the opening. Well, it was plenty; in any case it was novel. The chief novelty was **Carrie Finnell** who hales from burlesque. **Miss Finnell** is a lady of vast proportions; as wide as she is tall. Her fame however rests on her ability to control certain portions of her anatomy with rather startling results. The best contribution came from the **Sophistichords,** a colored quintet who swing operatic classics as well as "Darktown Strutter's Ball" with admirable aplomb. Then there is a young man, **Richard Dyer-Bennet,** who sings old English tunes accompanying himself on what is called a Swedish lute or something. It looks just like a double necked mandolin. There's a dark haired girl, **Anita Sevillia,** who rounds out the program with something called flamenco songs but as we didn't understand a work we decided to look around us to see who was present instead.

Over on one side was **William Hawkins, of the World-Telegram** all decked out in white tie and tails (That's heresy or something, Bill, what kind of working clothes are those? Want to give the working press a bad name?) Of course the **Daily News' Danton Walker** was there all slicked up too. He even threw us a feeble grimace—probably a smile—of recognition but it was so fleeting we barely caught it. Does that mean we have arrived or was it the company we were with? Over against the wall was tall dark **Eckert Goodman** who reports on night life for that veddy veddy social slick paper mag **"Town & Country."** Against another wall and at the opposite end of the social scale was **Billboard's rep Paul Dennis** looking a little shocked at the antics of li'l Carrie and her titillating pectoral muscles. . . . Of course no evening could be counted a success without dropping in at **Reuben's (6 E. 58th)** for a cup of coffee. For **Reuben's,** in case you don't know, is to the swishy east side what Lindy's is to Broadway. We don't know about Reuben's sandwiches (named after celebrities) most of them look too formidable to try but we can heartily recommend the cheese cake. In any case between bites we saw **George Raft** (did you know he's gray?) with **Betty Grable.** If we were a Leonard Lyons or a Winchell we'd have gone over and asked them a lot of questions but as things we just sat there stuffing ourselves. We weren't neglected entirely for **Jimmy Bryant,** playboy and leading Greek-god-about-town dropped over to be followed by Monte Proser who advised us we were very pretty. Or was he talking to Sy Jacobs? We'll never know. Ho-hum-m-m.

Calendar of New Security Flotations

OFFERINGS

AERONCA AIRCRAFT CORPORATION

Aeronca Aircraft Corp. registered SEC 30,000 shares of $1 cumulative convertible preferred stock, $15 par; 140,000 shares $1 par common stock; and 65,000 Stock Purchase Warrants

Address—Middletown Municipal Airport, Middletown, Ohio

Business — Design, development, manufacture sale and servicing of particular type of light airplanes, known as "Aeronca" planes, designed for commercial use

Underwriters — Bond & Goodwin, Inc., New York; Craigmyle, Rogers & Co., New York; and Whitney-Phoenix Co., Inc., New York, are underwriters for the preferred stock

Offering — The 30,000 shares preferred stock will be offered to public at $15 per share; underwriting commission is $2.25 per share. Of the common stock registered, 75,000 shares are reserved for issuance upon conversion of the preferred stock, and 65,000 shares are reserved for issuance upon exercise of the Warrants. Of the Warrants registered, 45,000 are to be exchanged by company with holders of a like amount of presently outstanding warrants, and the remaining 20,000 Warrants will be sold by company to underwriters at price of 10 cents per Warrant. Such Warrants give holders right to purchase one share of common stock for each warrant, at prices ranging from $7 per share to $10 per share, with the warrants expiring Dec. 31, 1945

Proceeds—Net proceeds will be used to pay off outstanding indebtedness, for working capital purchase of equipment and machinery plant expansion

Registration Statement No. 2-4789. Form A-2. (6-27-41) Cleveland Ohio

Effective—11:30 A.M., E.S.T. August 15 as of 4:45 P.M., E.S.T., July 16, 1941

Offered—Sept. 24, 1941

BUFFALO FORGE COMPANY

Buffalo Forge Co. registered with SEC 115,120 shares of common stock, $1 par

Address—490 Broadway, Buffalo, N. Y.

Business—Manufacture and sale of blowers and fans and equipment for use in fields of heating, ventilating, air conditioning and of removal of fumes and dust created in manufacturing operations; machine tools; and equipment employed in sugar factories and refineries and coffee and rice plantation machinery

Underwriter—Hornblower & Weeks, New York, is named principal underwriter; names of other underwriters to be furnished by amendment

Offering—Of the shares registered, 100,000 are issued and outstanding and are to be offered to the public for account of two selling stockholders; remaining 15,120 shares are to be offered for account of company. Offering price by amendment

Purpose—Net proceeds to company from sale of the 15,120 shares unissued common stock will be applied to reimburse its treasury for expenditure in Aug. 1941, of $246,058 in connection with purchase of outstanding 2,305 shares company's 7% preferred stock, $100 par, or to be used for other corporate purposes

Registration Statement No. 2-4828. Form A-2. (9-3-41)

Offered—Sept. 23 at $18.50 per share

HYGRADE SYLVANIA CORP.

Hygrade Sylvania Corp., registered with SEC 100,000 shares no par common stock

Address—60 Boston St., Salem, Mass.

Business—Manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures and related products

Offering—The shares will be offered to the public, at a price to be supplied by amendment

Underwriter—Names of the underwriters, and the number of shares to be underwritten by each, are as follows:

	No. Shares
Jackson & Curtis, Boston	27,000
White, Weld & Co., Boston	21,000
Lee Higginson Corp., Boston	10,500
Estabrook & Co., Boston	10,000
Hale, Waters & Co., Inc., Boston	10,000
Merrill Lynch, Pierce, Fenner & Beane, New York	5,300
Putnam & Co., Hartford	3,300
Graham, Parsons & Co., Boston	1,500
Mackubin, Legg & Co., Baltimore	1,500
Stein Bros. & Boyce, Baltimore	1,500
Whiting, Weeks & Stubbs, Inc., Boston	1,500
Yarnall & Co., Philadelphia	1,500
Minsch, Monell & Co., Inc., New York	1,500
Brush, Slocumb & Co., San Francisco	1,000
Van Alstyne, Noel & Co., New York	1,000
Wyeth, Hass & Co., Los Angeles	1,000
Herbert W. Schaeffer & Co., Baltimore	900

Stockholders of the company voted on Sept. 16, 1941, to vote on the proposal to split up the authorized common stock of the company, on the basis of two shares for each share outstanding, so that the authorized common stock would be increased to 740,000 and the amount outstanding increased to 414,368 shares. The company now has outstanding 207,184 shares of no par value common stock

Proceeds—Will be added to working capital, which the company deems advisable to increase in view of developments in the manufacture and sale of products in the fluorescent lighting field and the radio tube field

Registration Statement No. 2-4837. Form A-2 (9-11-41)

Offered—Sept. 23, 1941 at $19.375 per share

LUKENS STEEL CO.

Lukens Steel Co. registered with SEC 175,000 shares (estimated) common stock $10 par

Address—First Ave., Coatesville, Pa.

Business—Company is a non-integrated steel producer, and its principal business is manufacture of carbon and alloy hot rolled steel plates

Underwriters — Pistell, Wright & Co., Ltd., New York, named principal underwriter; other underwriters are E. H. Rollins & Sons, Inc. and Allen & Co.

Offering—The 175,000 shares are already issued and outstanding and are to be offered to public for account of certain stockholders

Proceeds — Will accrue to the selling stockholders

Registration Statement No. 2-4799. Form A-2. (7-25-41)

Offered—Sept. 24, 1941 at $14 per share

SENECA FALLS MACHINE CO.

Seneca Falls Machine Co. registered with SEC 225,000 shares common stock, $1 par

Address—314 Fall St., Senca Falls, N. Y.

Business—Manufacture and sale of machine tools, principally automatic and semi-automatic lathes

Underwriters—Brown, Schlessman, Owen & Co., Denver, Colo., has underwritten all of the 225,000 shares, at $4 per share, and has advised company that it proposes to sell to Burr & Co., New York, a 50% participation in said 225,000 shares, at the underwriters' price of $4 per share

Proceeds—The entire net proceeds will accrue to certain selling stockholders, who are selling such shares, already issued and outstanding, to the underwriter

Registration Statement No. 2-4806. Form A-2. Filed (7-31-41)

Effective—4 p.m. E.S.T. on Sept. 19 as of 4.45 p.m. E.S.T. Sept. 19, 1941

Offered—Sept. 23, 1941 at $5 per share

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these Shares for sale, or an offer to buy, or a solicitation of an offer to buy, any of such Shares. The offering is made only by the Prospectus but the Prospectus does not constitute an offer by any underwriter to sell any of such Shares in any State to any person to whom it is unlawful for such underwriter to make such offer in such State.

NEW ISSUE

30,000 Shares

Aeronca Aircraft Corporation

(An Ohio Corporation)

$1.00 Dividend Cumulative
Convertible Preferred Stock
($15.00 par value)

Price $15.00 per share

Copies of the Prospectus may be obtained only from such of the undersigned as may legally offer such Shares under applicable securities laws.

Bond & Goodwin, Inc.

Craigmyle, Rogers & Co. **Whitney-Phoenix Co., Inc.**

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, SEPT. 25

BLACK HILLS POWER & LIGHT CO.

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par

Address—Rapid City, S. D.

Business—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas.

Offering—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

Proceeds—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

Registration Statement No. 2-4832. Form A-2. (9-6-41)

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

SATURDAY, SEPT. 27

GULF POWER COMPANY

Gulf Power Co. registered with SEC $5,600,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate will be supplied by amendment

Address—8-10 N. Palafox St., Pensacola, Fla.

Business — An operating subsidiary of Commonwealth & Southern Corp., engaged in northwestern portion of Florida in purchase and sale of electricity and gas

Offering and Underwriting — The bonds will be sold to public at price to be supplied by amendment. Bonds will be sold under competitive bidding rule of SEC Names of underwriters by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., will be applied as follows: redemption at 103½ of $2,500,000 5% First and Refunding Mortgage bonds, due 1968; redemption of so much of the $3,100,000 of 4% First and Refunding Mortgage bonds as may have been issued to the RFC; and balance to be used for additions and improvements to company's electric utility plant.

Registration Statement No. 2-4833. Form A-2. (9-8-41)

Declaration Effective—The SEC on Sept. 22 permitted to become effective declarations freed by company regarding the proposed financing

Bids—for the sale of the bonds will be received at office of Commonwealth & Southern Corp. (parent), 20 Pine St., N. Y. City, before 11 a.m. E.S.T. Oct. 7, 1941. Coupon rate is to be specified by bidders in multiples of ⅛%, but not exceeding 3½%

MISSISSIPPI POWER COMPANY

Mississippi Power Co. registered with SEC $8,927,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate to be supplied by amendment

Address—2500 14th St., Gulfport, Miss.

Business—A subsidiary of Commonwealth & Southern Corp. this company is engaged within the southeastern portion of Mississippi, in the generation, purchase, distribution and sale of electricity at retail in 135 communities, rural areas, and sale at wholesale of electricity to 6 rural cooperative associations

Offering and Underwriting—The bonds will be offered to the public at a price to be supplied by amendment. The bonds will be sold under the SEC's competitive bidding rule, with underwriters to be supplied by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., parent company, will be used (a) to redeem $6,177,500 of 1st & Ref. Mtge. 5s, 1955, at 103½ and accrued interest, (b) redemption of so much of the $2,750,000 of 1st & Ref. Mtge. 4s of 1951 as may have been issued to the RFC, at 100 and accrued interest, and (c) to construction of additions and improvements to company's electric plant.

Registration Statement No. 2-4834. Form A-2. (9-8-41)

MONDAY, SEPT. 29

AMERICAN TELEPHONE & TELEGRAPH COMPANY

American Telephone & Telegraph Co. registered with SEC $90,000,000 Thirty-Five Year 2¾% Debentures, due Oct. 1, 1976

Address—195 Broadway, New York, N. Y.

Business—Principal business of company and its operating telephone subsidiaries is that of furnishing communication services, mainly telephone service. In addition, Western Electric Co., Inc., a subsidiary, is engaged principally in manufacture of telephone apparatus and equipment

Underwriter and Offering—The bonds will be sold to underwriters under the new competitive bidding rule of the SEC's Public Utility Holding Company Act, Rule U-50. Names of underwriters, and price to public, will be filed by post-effective amendment to the registration statement

Proceeds—Plus additional cash, will be used to redeem on Nov. 1, 1941, company's $94,306,000 of 20-Year Sinking Fund 5½% Debentures, due Nov. 1, 1943

Registration Statement No. 2-4836. Form A-2 (9-10-41)

Effective—3 p.m. E.S.T. Sept. 17, 1941

Bids will be received for purchase of debentures at office of company's Treasurer, 195 Broadway, N. Y. City, up to 11 a.m. E.S.T. Sept. 29

DEVOE & RAYNOLDS CO., INC.

Devoe & Raynolds Co., Inc., registered with SEC 29,000 shares 5% Cumulative Preferred Stock, $100 par

Address—787 Fifth Ave., New York, N. Y.

Business—Principal business of company and subsidiaries is manufacture, sale and distribution of diversified line of exterior, interior and industrial paints, varnishes, lacquers, enamels, synthetic resins, artists' colors and materials, paint brushes and other products incidental to the paint and varnish industry

Underwriter—Shields & Co., New York, is named principal underwriter; others to be named by amendment

Offering — To be offered to public, at price to be supplied by amendment

Proceeds — $1,028,100 to redemption on Jan. 1, 1942 at $115 per share and accrued dividends, of outstanding 8,940 shares 7% cumulative preferred stock, $100 par; $1,755,250 to redemption on Dec. 1, 1941, at 103¼ and accrued interest, of outstanding $1,700,000 of Fifteen-Year 4¼% Sinking Fund Debentures, due June 1, 1953; and balance for working capital

Registration Statement No. 2-4835. Form A-2 (9-10-41)

WEDNESDAY, OCT. 1

INTERNATIONAL PAPER COMPANY

International Paper Co., registered with SEC 1,387,748 23/40 shares of common stock, $15 par value

Address—220 E. 42nd St., New York, N. Y.

Business—After the filing of registration statement, but prior to the time when it becomes effective, International Paper Co. will acquire all of the assets of International Paper & Power Co., including over 99% of the stock of International Paper Co. (New York, formed in 1898) in exchange for stocks, warrants and warrant scrip of company and assumption by company of all liabilities of International Paper & Power Co. After this acquisition of assets, a plan of consolidation of said International Paper Co. into the company will be presented for approval of Board of Directors and stockholders of said International Paper Co. and the company. Company was formed in New York on June 23, 1941. Principal operations of company and subsidiaries are conducted in the U. S., where they are engaged primarily in manufacture and sale of kraft paper and board (bleached and unbleached), groundwood specialty paper, book and bond papers, jute boards, corrugated containers, bags and allied products. Company also has substantial investments in Canadian subsidiaries

Underwriter—No commitment to take the shares registered has been made

Offering—1,347,748 23/40 shares are to be issued upon exercise of outstanding Common Stock Purchase Warrants, entitling each holder thereof to purchase one share common stock at $25 per share, expiring Sept. 26, 1942. Remaining 40,000 shares to be issued upon exercise of outstanding option held by Calvin A. Agar, entitling him to purchase such 40,000 shares at price of $15 per share, expiring Dec. 31, 1945

Proceeds — For general corporate purposes

Registration Statement No. 2-4838. Form A-2. (9-12-41)

NATIONAL CYLINDER GAS CO.

National Cylinder Gas Co. registered with SEC 100,000 shares common stock, $1 par

Address—205 W. Wacker Drive, Chicago, Ill.

Business—Together with its subsidiaries, engaged principally in manufacture and sale of oxygen and acetylene in most of the principal industrial areas in the U. S., and it's the third largest producer in the country. Also, manufactures nitrogen and hydrogen and sells these gases as well as carbon dioxide, dry ice and propane

Underwriters—Principal underwriters are Paine, Webber & Co., and F. S. Moseley & Co., both of Chicago; others to be named by amendment

Offering—The 100,000 shares common stock are already issued and outstanding, and are to be offered to public for the account of certain selling stockholders, who will receive the proceeds from sale thereof. Public offering price will be supplied by amendment.

Registration Statement No. 2-4839. Form A2. (9-12-41)

THURSDAY, OCT. 2

BEACON BUILDING CORPORATION

Beacon Building Corp., Lucius Teter, et al, voting trustees of Beacon Building Corp., registered with SEC voting trust certificates for 109,084 shares $1 par common stock of Beacon Building Corp., Chicago, Ill.

Address of Trustee—135 S. LaSalle St., Chicago, Ill.

Address of Beacon Building Corp.—38 S. Dearborn St., Chicago, Ill.

Business—Beacon Building Corp. owns and operates an apartment building in Chicago. All outstanding common stock of company held by First National Bank of Chicago, as agent for voting trustees under voting trust agreement dated June 16, 1931

Extension of Voting Trust—The 109,084 shares of common stock of Beacon Building Corp. are subject to a Voting Trust Agreement which expired June 16, 1941. It is proposed to extend the agreement to June 16, 1951, through issuance of Voting Trust Certificates, subject of registration statement

Registration Statement No. 2-4840. Form F-1. (9-13-41)

SATURDAY, OCT. 4

KEYES FIBRE CO.

Keyes Fibre Co. registered with SEC $1,400,000 First Mortgage Sinking Fund 4½% Bonds, due Oct. 1, 1956

Address—806 Bank of Commerce Bldg., Portland, Me.

Business—Manufactures a wide variety of moulded pulp products comprising more than 60 items and including plates, dishes, egg-packing material and egg cartons made of groundwood pulp derived principally from spruce pulpwood. About 57.16% of company's voting securities are held by New England Public Service Co. and its subsidiary, Central Maine Power Co.

Underwriter—To be named by amendment to registration statement

Offering—To be offered to public, at price to be supplied by amendment

Proceeds—(a) to provide funds for retirement of entire outstanding $1,125,000 of First Mortgage Serial 6% bonds of predecessor company (assumed by company), (b) to pay $172,000 of bank loans of company and a subsidiary, and (c) balance for working capital

Registration Statement No. 2-4846. Form A2. (9-19-41)

(Continued on Page 302)

Calendar of New Security Flotations

(*Continued from Page* 301)

SUNDAY, OCT. 5

PARQUAY OPERATING, INC.

Parquay Operating Inc., registered with SEC 55,850 shares common stock, 50 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Engaged in development and operation of a chain of retail food stores, store buildings and controlled parking built or to be built under Revolving Top Building and Parking Control Patent Franchises owned by company in Roswell, N.M. Later, it was decided to expand operations to include 11 additional stores located in 9 cities in New Mexico, including 3 in Albuquerque

Underwriting—No underwriters. The stock will be sold by company's agents under direction of its executive vice-president

Offering—The shares will be offered to public at following prices per share for each successive block of 11,170 shares each: $13.50, $15, $16.50, $18 and $19.50 per share.

Proceeds will be used to purchase 11 grocery stores to be located in 9 communities in New Mexico

Registration Statement No. 2-4842. Form A1. (9-16-41)

PARQUAY ROYALTY CO.

Parquay Royalty Co. registered with SEC 9,091 shares common stock, 25 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Company owns one grocery store built under Revolving Top Building Patent which is leased for period of 10 years from Nov. 20, 1937. Company intends to build grocery store buildings under that patent and controlled parking patents for Parquay Operating, Inc., and for other operating companies throughout **New Mexico, Arizona, Utah, Nevada** and Cal.

Underwriting—No underwriting. Shares to be sold by company's agents under direction of its executive vice-president

Offering—Shares to be offered at following prices for following blocks: $30 per share for first block of 1,117 shares; $32.50, $35, $37.50 and $40 per share for each of next successive blocks of 1,117 shares each; and $50 per share for last block of 3,506 shares

Proceeds to finance purchase of construction, equipment and construction of grocery stores, finance a purchasing department including warehouses, etc.

Registration Statement No. 2-4841. Form A1. (9-16-41)

MONDAY, OCT. 6

DOW CHEMICAL CO.

Dow Chemical Co. registered with SEC 113,519 shares common stock, no par

Address—Midland, Mich.

Business—Engaged in manufacture and sale of diversified line of inorganic and organic chemicals, also magnesium and magnesium alloys

Underwriting and Offering—The shares registered will first be offered to common stockholders of company of record at close of business Sept. 26, 1941, for subscription pro rata in ratio of one share for each 10 shares then held, at price of $100 per share. Such rights will expire Oct. 6, 1941. Any unsubscribed portion of such shares will be underwritten by underwriting group headed by Smith, Barney & Co., New York, others to be named by amendment. Smith, Barney & Co. is authorized to determine whether a public or any other offering of all or any part of the unsubscribed stock shall be made in the open market, or to dealers or in any other manner. Further details as to disposition of unsubscribed portion of such shares will be supplied by amendment

Proceeds will be added to company's cash funds, of which at least $5,000,000 will be applied to payment of present bank loans

Registration Statement No. 2-4843. Form A2. (9-17-41)

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅙ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅙ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

WEDNESDAY, OCT. 8

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share, on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec. 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIRPLANE MANUFACTURING & SUPPLY CORP.

Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, $1 par

Address—Lockheed Air Terminal, Burbank, Cal.

Business—Purchase, service and sale of airplane equipment

Underwriters—G. Brashears & Co., Los Angeles, Cal.

Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders, to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares of 25 cents per share

Proceeds will accrue to the selling stockholders

Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

Effective—3 p.m. E.S.T. Sept. 17 as of 4.45 p.m. Sept. 6, 1941

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC.

Automatic Telephone Dialer, Inc., registered 75,000 shares of common stock, no par

Address—1201 East Grand Street, Elizabeth, N. J.

Business — Development of automatic telephone dialing devices

Underwriter—None. Stock will be sold through registered brokers and dealers

Offering—Public offering price, $3 per share, underwriting commission 75 cents per share

Proceeds—For engineering and development expenses and working capital

Registration Statement No. 2-4752. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22 as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

BULLION, INC.

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par

Address—1st Nat'l Bank Bldg., Deadwood, South Dakota

Business—Gold mining

Underwriter—None

Offering—Preferred will be offered at $1 per share, and common at 10 cents per share

Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital

Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex.

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.65 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9, 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

MISSOURI UTILITIES CO.

Missouri Utilities Co. registered with SEC $3,150,000 First Mortgage Series A 3½% bonds, due June 1, 1971; 14,000 shares 5% cumulative preferred stock, $100 par; and 125,000 shares common stock, $1 par.

Address—Cape Girardeau, Mo.

Business—Engaged principally in generation, transmission, distribution and sale of electricity, in 56 communities in Missouri and two in Arkansas. Company is a subsidiary of Community Power & Light Co.

Underwriter—The bonds are not to be sold to public; they are to be sold by company to Dillon, Read & Co. for 104¼, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104¾. Names of underwriters of the 5% preferred stock and the common stock registered, will be supplied by amendment.

Offering—The 14,000 shares 5% preferred and 125,000 shares common stock are to be issued under a reclassification of outstanding capital stock of company. Of the 5% preferred stock registered, 11,912 shares will be offered to public for account of company, and 2,088 shares will be offered to public for account of Community Power & Light Co. The 125,000 shares common stock will be sold to public for account of Community Power & Light Co.

Proceeds—To company from sale of the $3,150,000 of bonds and 11,912 shares of 5% preferred stock, will be used as follows: $2,811,200 to purchase for cancellation from Community Power & Light Co. that amount of company's outstanding Series A and D First Mortgage bonds; $1,111,385 to pay or purchase indebtedness owing by company to its parent and an affiliate, on open account and promissory notes; $420,000 to redeem company's outstanding 4,000 shares 7% preferred stock, $100 par, at 105 Balance of proceeds will be set aside for expenditure by company for property additions and improvements.

Registration Statement No. 2-4826 Form A-2. (8-29-41)

MOORE-McCORMACK LINES, INC.

Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 235,000 shares of common, $1 par

Address—5 Broadway, New York City

Business—Operation of vessels in South American trade

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred.

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J. McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec. 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

Proceeds—None of the proceeds will be received by the company

Registration Statement No. 2-4715. Form A-2 (3-29-41)

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, but now withdrawn from registration, constitute the shares outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PUEBLO MINING COMPANY

Pueblo Mining Co. registered with SEC 1,500,000 shares 1 Cent Par Value Assessable Common Stock

Address—Spokane, Wash.

Business—Mining

Underwriter—No underwriter named.

Offering—To be offered to public at 2 cents per share

Proceeds—Will be used for development, purchase of equipment, building, and working capital

Registration Statement No. 2-4829. Form AO-1. (9-3-41) (San Francisco)

SHAWNEE CHILES SYNDICATE

Shawnee Chiles Syndicate registered 9,970 shares of common stock, $10 par

Address — 320 Denham Bldg., Denver, Colo.

Business—Development of oil and gas properties

Underwriter—None

Offering—4,985 shares are to be presently offered at $10 per share, and balance will be held reserved for options given to purchasers of the 4,985 shares, for purchase of additional shares at $10 per share

Proceeds—For drilling and development of oil and gas properties

Registration Statement No. 2-4753. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

Stop Order—Issued Sept. 18, 1941 on grounds of untrue and insufficient statements of fact

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock, no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

Address—26 Wall St., Orlando, Fla.

Business—Discounting installment notes and making small loans

Underwriter—Leedy, Wheeler & Co., Orlando, Fla.

Offering—Preferred and Class A will be publicly offered at $1,000 per share, Class B common at $1,100 per share. Underwriting commission $50 on preferred and Class A, and $55 on Class B

Proceeds—To repay bank loans, and for working capital

Registration Statement No. 2-4570. Form A-2. (11-12-40)

Effective—Dec. 4, 1940

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining

984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

TOMASINI BRIDGE REVENUE BONDS

T. A. Tomasini, an individual, registered with SEC $20,000,000 of 3% Tomasini Bridge Revenue Bonds, due Aug. 1, 1970

Address—25 California St., San Francisco, Cal.

Business—Holds a franchise to build, maintain and operate a tube and toll bridge across San Francisco Bay from Alameda County, near Point Fleming, to Marin County near Bluff Point, both in California. The Obligor—T. A. Tomasini—also has secured necessary approval of plans, permits and authority to construct the bridge from War Department of the United States, and proposes to proceed with construction of the project. Project expected to be completed by June 27, 1944

Underwriting and Offering—The Obligor proposes to advertise for bids for all or part of the bonds by inserting a notice to that effect in one or more newspapers of general circulation in the city and county of San Francisco, and in New York City. There will be no underwriting

Proceeds will be used to construct, operate and maintain the tube and toll bridge

Registration Statement No. 2-4815. Form A-1. (8-15-41)

TRAILER COMPANY OF AMERICA

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par

Address—31st & Robertson Aves., Cincinnati, O.

Business—Manufacture, assembly, distribution and sale of commercial trailers and semi-trailers, trailer bodies parts and equipment, truck bodies and cabs for tractors and trucks

with the SEC, disclosing that the number

Underwriters—None

Offering—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public

Proceeds—For plant extension, retirement certain bank loans, and for working capital

Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)

Effective—Sept. 13 at 1:15 P.M., E.S.T. as of 4.45 p.m. E.S.T. Sept. 17, 1941

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2. (8-22-41)

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

Address—Theatre Building, Coral Gables, Dade County, Florida

Underwriters—None

Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

Proceeds — For development of lands, purchase of equipment, and working capital

Registration Statement No. 2-4767. Form S-10 (5-23-41)

WHITWORTH APARTMENT, INC.

Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, .25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds. 6% Non-Cumulative Interest, due Sept. 1, 1961

Address—311 Securities Bldg., Seattle, Wash.

Business—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment

Underwriters—None

Offering—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 undivided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle Wash. Owner of each 25/148,750 fractional share will receive: (a) $12.50 par value of first mortgage bonds; $12.50 par value of second mortgage income bonds, and one share of capital stock of the new company

Registration Statement No. 2-4811. Form E-1. (8-6-41) (San Francisco, Cal.)

WILLIAMS HYDRAULICS, INC.

Williams Hydraulics, Inc. registered 1,000,000 shares $5 par Class A common stock

Address—Alameda, Cal.

Business—Deep-sea dredging and manufacture of equipment therefor

Underwriters — Brown Hartwell Company

Offering—Public offering price, $5 per share, underwriting commission, $1 per share

Proceeds—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital

Registration Statement No. 2-4133. Form A-1. (7-19-39)

Effective—May 29 as of April 18, 1940

Investment Trust

(Continued from Page 295)

United States and Great Britain which appears in the September issue of the BROAD STREET LETTER indicates that whereas the ratios paralled each other rather closely from 1929 through 1939, they have followed opposite courses since the middle of 1940. The ratio of stock yields to government bond yields in the United States has been declining while that in Great Britain has been rising with the result that there is now a wide spread between the two.

"Correction of the present wide disparity in the United States can be accomplished by a change in any one or more of three factors," it is pointed out, "a rise in money rates, a decline in dividend payments or a rise in stock prices."

* * *

BREVITS has prepared a brief explanation of the capital gains and loss provisions of the Federal tax law covering the technical considerations involved and presenting examples of how gains and losses are to be used in computing income taxes. Copies of this and other material on the subject will be made available through investment dealers within a week or so.

* * *

On a table prepared for The San Francisco News and which was printed in that paper's **Finance and Industry** colum, David P. Smith of the North American Securities Corp., distributor of the shares of Commonwealth Investment Co., has shown that 15 out of 20 open-end funds outperformed the Dow-Jones Industrial Average during the first 8 months of this year. Nine of the funds recorded gains ranging from plus 0.4% to plus 5.3% while the Dow-Jones Average lost 2.6%. The average for the 20 funds was a loss of 0.7%.

Now Sternberger, Hicks

MEMPHIS, TENN.—The firm name of Burch, Sternberger & Hicks, Inc., Commerce Trust Building, has been changed to Sternberger, Hicks & Company, a partnership, with David Sternberger and George W. Hicks, formerly officers, as partners. The firm acts as dealers in general market, municipal and drainage bonds and local securities.

Files With Wainwright

(Special to The Financial Chronicle)

PORTLAND, MAINE—C. Edward Files has become associated with H. C. Wainwright & Co., members of the New York Stock Exchange and other leading exchanges, whose main office is located at 60 State Street, Boston, Mass. Mr. Files formerly was with the local office of Townsend, Anthony & Tyson, specializing in bonds. Prior thereto he was with Edward B. Smith & Co. and Smith, Barney & Co.

Our Reporters Report

(Continued from First Page)

Treasury Issues Undisturbed

Naturally the disposition in investment circles, after the news came out, was to watch the seasoned high-grade list, notably the Treasury group, as key to any possible change in short-term money rates.

The worst that happened in that direction was a bit of hesitation at the outset, and some lowering of bids. But when it was apparent that nothing in the way of real selling threatened, bids quickly reappeared and such activity as developed was on the recovery side.

In fact the Treasury market not only recovered its initial slight declines, but rebounded in some cases as much as half a point, notably in the longer-terms, to rule higher on the day.

Corporates Follow Suit

Much the same situation holds forth in the case of high-grade corporate liens, suggesting that the market had anticipated, and quite fully discounted the news.

Although the corporate list had given the impression of leaning to heaviness on occasion in recent weeks the so-called "gilt-edge" descriptions have been hugging the best levels of the current cycle.

Take such issues as Detroit Edison 3s for example. This issue set a high of around 107⅜ and is now around 106; while Illinois Bell Telephone 2¾s are virtually at the best levels with Cleveland Electric 3s about a point on the top prices. Institutions, however, have shown a tendency to shy away from long-term low-coupon issues.

Premium Deciding Factor

Two huge syndicates, one headed by Morgan Stanley & Co., Inc., and the second by Halsey, Stuart & Co., are set to compete for American Telephone's offering which incidently is the largest yet to go through the medium of sealed bids.

Bond men figure that the winning group probably will price the bonds, for public offering, around 102¼ or approximately a 2.65 per cent yield basis.

On this calculation it is their conviction that the bids to the company will be close and both will provide small premiums over par. The difference in premium, small though it may be, will decide the winner.

The company's outstanding 3¼s of 1961 are selling to yield about 2.68 per cent and its 3¼s of 1966 to afford about 2.75 per cent return. But it is recognized both the foregoing issues are likely held in check in some degree by the fact that they are callable at prices below those now ruling.

Not Like the Erie Spread

Something of a gauge on the views of the foregoing syndicates with regard to values was provided on Tuesday when both participated in the bidding for Erie Railroad's offering without success.

Scarcely half a point separated their tenders for the $18,000,000 of 3¼ per cent first mortgage bonds. Morgan Stanley & Co. bid 99.271 while Halsey, Stuart & Co. sought the bonds on a bid of 99.7597.

Both, however, were topped by a syndicate headed by the First Boston Corporation, dabbed the "Whirlaway group" which bid the issue on with a price of 101.9050, or about 1⅝ better than the lowest bid.

The bonds were reoffered publicly at 102½, with a concession of ¾ of a point to institutional buyers taking blocks of $500,000 or more.

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NEW ISSUE

115,120 Shares

Buffalo Forge Company

Common Stock
(Par value $1 per share)

Price $18.50 per share

Copies of the Prospectus may be obtained from such of the undersigned as may legally offer this stock in this State under applicable securities laws.

HORNBLOWER & WEEKS
BLYTH & CO., INC. SHIELDS & COMPANY PAUL H. DAVIS & CO.
SCHOELLKOPF, HUTTON & POMEROY, INC. W. E. HUTTON & CO.
F. S. MOSELEY & CO. EASTMAN, DILLON & CO. G. M.-P. MURPHY & CO.
PIPER, JAFFRAY & HOPWOOD

September 23, 1941.

News and Views From The NSTA Convention

(Continued from Page 290)

tween the two love birds for an eighth.

Chet Glass, Bankamerica Company, San Francisco, caused quite a stir with his fancy jacket. Looked like the badge of honor had been pinned on the "Little Caesar," of Montgomery Street.

Walter F. Saunders, Dominion Securities, was telling his friends about the effects of the mint juleps served at the Pendennis Club, Louisville. "After the first few drinks I saw stars way up in the blue. Later on in the evening I could hear bells, whistles, bass drums, etc., Oh me!"

Charles King, Charles King & Co., N. Y. C., keeps saying over and over again. "Have a five point profit on 14 M bonds but I can't find a bid." Can you help poor Charlie?

Herb Blizzard (Phila.), at Montgomery, Ala. Station where we had a 10 minute stop, was telling all the gang about the flags flying from the tall buildings, forecasting a hurricane for N. O. party. So far it has not hit here, but local boys admit it's the first Blizzard to blow in.

Larry Higgins, Hulburd, Warren & Chandler (Chicago), one of our oldest conventioneers was not his usual self as this is the first time he has been away from his son Lawrence, Jr., age 9 months 6 days. Old man remorse confined himself to his room enroute to N. O.

Jim Blake, Greenebaum Investment Co. (Chicago), talked for 2 hours without a break for the boys. The train passed a small town movie house. The picture playing was the "Great American Broadcast." Eldridge Robinson, Baum Bernheimer Co., asked "Have you seen that picture fellows?" Ben Lowry, Laird & Co. (Phila.), replied, "Sure there he is right there", pointing to Jim Blake.

--Paul J. Skepnek, Jr., Rogers & Tracy, Inc. (Chicago), "What time did you get to bed last night?" Paul asked O. M. Bergman, Allison-Williams Co. (Minpls.), "You mean in my bed----," asked Paul. "About 4 A. M.----"

Joseph McManus, of Joseph McManus & Co., was looking out the train window as we pulled into the Mobile, Ala. station. He asked if that was "Moonlight Bay." He was informed that Moonlight Bay was a song.

Jim Heaney, Joseph McManus & Co., took Henry Warner, E. H. Rollins & Sons (Phila.) at pinochle for the entire cost of the R.R. ticket.

So beware boys enroute back to N. Y. C.

Bond Club of Louisville, Kentucky party at the Pendennis Club, was a big success. The Mint-Juleps sure did get the proper spirit going. The menu featured—Old Kentucky Ham, Sliced Turkey, Summer Sausage, assorted cheese, cold slaw, hot baked beans, celery, pickles, olives rolls, beaten biscuits, coffee, cigarettes and liquid refreshments all night long too. Dancing to the tunes of our very own—George Opdyke (piano); Ledogar Horner & Co., Cleve., O. and Edward J. Knight (piano), Wells Dickey Co., Minneapolis.

Thomas Graham, The Bankers Bond Co., Inc., deserves a badge for thinking up the idea of the attractive matches in the silver cover for the party.

The Lexington Sightseeing trip through the Blue Grass, which really is "green", was a fine 2½-hours tour. Spent a great deal of time looking over the horses and heard the story of their records on the track. Arrived in N. O. Monday night and we were greeted by a brass band. Piled into cabs and paraded up to the "Roosevelt Hotel" by a police escort of 12 men.

Luncheon today was luscious.

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Barauga Sugar 6s, 1947
Vicana Sugar 6s, 1955

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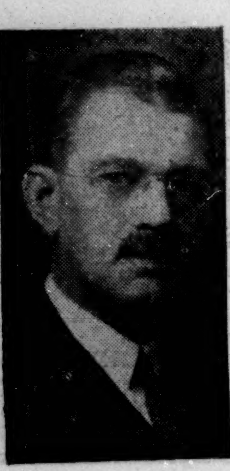
Whitney-Phoenix Co. Elects E. G. Parsly

The Whitney-Phoenix Company, Inc., 70 Pine Street, New York City, announce that E. G. Parsly has been elected Executive Vice-President of that firm. Mr. Parsly has previously been a partner of Harper & Turner and president of Parsly Bros & Co., Philadelphia; more recently he was Executive Vice-President of Kobbe, Gearhart & Parsly, New York. He is a director of American Lime and Stone Company, of the Alberence Stone Corporation and the Allerton New York Corporation and was earlier a director of the City National Bank, Philadelphia and several public utility companies. He is a member of The Security Traders Association of New York.



Elmer G. Parsly

The Whitney-Phoenix Company, Inc., established in 1936, has been active in the underwriting field and in wholesale distribution. It was identified with the financing of the National Container Corporation, Triumph Explosives, Inc., and Aeronautical Corporation of America, now Aeronca Aircraft Corporation and is one of the principals in the pending offering of Cumulative Convertible Preferred Stock of the latter company. It is understood that the firm expects to be increasingly active in the underwriting field and to engage in other phases of the investment business. Mr. Strabo V. Claggett, President of Whitney-Phoenix Company, Inc., has been an active figure in the investment business as well as in other fields.

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THE BOND SELECTOR

Republic of Panama 3¼s Bonds Considered An Attractive Speculation

The Panama external 3¼s, 1994, are selling around 63 to yield approximately 5.40%. Despite the fact that the bonds are selling near their high since becoming listed late in the summer, there are certain elements behind this situation which lend attraction to the issue at the present time.

The 3¼s do not represent new financing, but rather an exchange under a plan of external debt readjustment whereby the assenting holders of the old 5s, 1963, received these bonds plus a cash payment in settlement of unpaid interest. Of $11,313,500 of the 5s, 1963, $8,772,500 accepted the plan and it became operative on August 5, 1941. The story behind Panama's external debt goes back to 1904.

In 1904, the United States and Panama signed a treaty whereby the United States secured the "use, occupation and control" of the Canal Zone, a narrow strip of land across the Isthmus comprising 569 square miles. As consideration, the United States paid $10,000,000 and in addition agreed to make annual payments in perpetuity of $250,000 in gold of 1904 weight and fineness.

Of the $10,000,000 paid, Panama set aside $6,000,000 which was invested in New York City real estate. This fund is known as the Constitutional Fund, and income therefrom as Constitutional Fund Income. The annuities of $250,000 received from the United States are termed the Original Treaty Payment.

It has already been stated that the 1904 treaty between Panama and the United States provided that the United States make the annual payments in gold of 1904 weight and fineness. When the United States devalued the dollar and tendered its 1934 and subsequent payments in the depreciated currency, the Republic of Panama refused to accept the payments, standing on its treaty right to the original gold payments. Although the United States Government refused the demand for payment in gold, by the terms of a treaty ratified July 25, 1939, between the two governments, the United States agreed to raise its annual payment to 430,000 Balboas (1 Balboa equals 1 U. S. dollar), the Panamanian unit of currency. This annual payment of 430,000 Balboas is known as the Total Treaty Payment. The difference between this Total Treaty Payment and the Original Treaty Payment of $250,000 is referred to as the New Treaty Payment. In effect, the latter is equivalent to $180,000.

The total external debt consists of $4,000,000 3½s due 1967, $8,772,500 of the 3¼s, 1994 and $2,541,000 of the 5s, 1963, the latter representing bonds which did not accept the plan of readjustment referred to in the second paragraph above. All these bonds derive their income from the Constitutional Fund Income and the various Treaty Payments. The 3½s, 1967, stand prior to the 3¼s and provision is made for their complete amortization by maturity as will be shown later.

As previously stated, income available for service on Panama's external debt consists of:

1) The Original Treaty Payment. This amounts to $250,000 annually.

2) The Constitutional Fund Income. This represents income received from the $6,000,000 investment in New York City real estate. For the ten-year period, 1931-1940 inclusive, the average income from this fund after all administrative costs has been $206,480. For the past three years, however, the net income has been below $200,000 amounting in 1940 to $165,500. The Republic has agreed to make up from other sources any amount by which Constitutional Fund Income is less than 200,000. Since the income in 1940 was only $165,500, Panama remitted $34,500 to the fiscal agent. This difference, which the Republic has agreed to make up is known as the

3) Constitutional Fund Deficit.

4) The New Treaty Payment which amounts to $180,000, representing the difference between the Total Treaty Payment of $430,000 and the Original Treaty Payment of $250,000. The Republic of Panama does not consider itself obligated to pledge the New Treaty Payment to debt service, but as an attitude of good faith has agreed to do so.

From this, it is seen that total income available for service of the external debt in 1940 was $630,000. The 3½s, 1967, require $240,000 annually, including interest and amortization. They are entitled to 25% of the Original Treaty Payment, or $62,500; 25% of Constitutional Fund Income, which was $41,500 in 1940; and the necessary balance of $136,000 was allocated in 1940 from the New Treaty Payment of $180,000.

Interest requirements on the 3¼s, 1994, are $285,106. This issue is entitled to 75% of the Original Treaty Payment, 75% of the Constitutional Fund Income, the balance of the New Treaty Payment not required to service the 3½s, 1967, and the Constitutional Fund Deficit, which, it will be recalled, is paid directly by the Republic. In 1940, the pro-forma figures for debt service on the 3¼s were as follows:

Annual Interest Requirements	$285,106
Pro-rata share of 75% of Original Treaty Payment	$145,500
Pro-rata share of 75% of Constitutional Fund Income	96,000
Balance of New Treaty Payment after service of 3½s	44,000
Constitutional Fund Deficit—paid by Panama	34,500
	$320,000
Interest Coverage	1.12x
Balance for Sinking Fund	$ 34,894

Considering the 3½s, 1967, and the 3¼s, 1994, together, total interest requirements are $525,106 with a resultant overall interest coverage of 1.07 times. This figure is derived as follows:

Interest Requirements on 3½s, 1967 and 3¼s, 1994	$525,106
Pro-rata share of Original Treaty payment	$208,000
Pro-rata share of Constitutional Fund Income—1940	137,500
New Treaty Payment	180,00
Constitutional Fund Deficit—1940 ..	34,500
Interest Coverage	1.07x
Balance for S. F.	34,89

All funds necessary for debt service as outlined above are paid directly to the fiscal agents in this country with the single exception of the Constitutional Fund Deficit which is remitted by the Republic. The Treaty Payments are paid by the United States directly to the fiscal agents in New York and the Constitutional Fund Income likewise is collected by the fiscal agent in New York. Based on the 1940 rate of income on the Constitutional Fund, interest requirements on both the 3½s, 1967, and the 3¼s, 1994, would have been covered even if Panama had failed to remit the Constitutional Fund Deficit; there would not, however, have been funds available for the sinking fund on the 3¼s.

In view of these factors, the future trend of Constitutional Fund Income (or, in other words, New York City real estate conditions) is the sole important consideration governing the outlook for the bonds in the unlikely event Panama should for any reason fail to make up the difference between $200,000 and whatever Constitutional Fund Income happened to be below that figure.

In this connection, it should be pointed out that should Constitutional Fund Income exceed $200,000 in any year (and it has done so in five of the past ten years), the 3¼s are entitled to an additional ⅛ of 1% interest for every $14,141 income realized over and above $200,000, but such interest cannot exceed 3½%.

With regard to the non-assenting holders of the old 5s, who can expect but scarcely more than half of their interest, there is little they can do unless they accept the plan. They cannot sue a sovereign state and it is fairly obvious that they would make little progress in the courts of Panama.

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Aeronca Aircraft Pfd. Is Offered at $15

Public offering is being made today (Thursday) of 30,000 shares of cumulative convertible preferred stock of Aeronca Aircraft Corp. by an underwriting group headed by Bond & Goodwin Inc. and including Craigmyle, Rogers & Co. and Whitney-Phoenix Co., Inc. The stock is priced at $15 per share. The underwriters are also offering 20,000 common stock purchase warrants at a price of 10 cents per warrant.

Net proceeds from the sale of the preferred stock, estimated at $368.005, will be used by the company to finance larger inventories and increase developmental work, to pay off certain unsecured notes, to purchase factory machinery, tools and equipment, to enlarge plant and to increase working capital. The net proceeds may be increased by the sale of common stock contingent upon the exercise of the common stock purchase warrants.

Company designs, develops, manufactures, sells and services light airplanes designed for commercial use and manufactures parts and accessories for airplanes manufactured by it. Aeronca planes, in addition to training uses, are employed for observation, message carrying and artillery spotting in army maneuvers.

E. C. Baldwin Joins Sutro In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Eugene Collins Baldwin has become associated with Sutro & Co., Van Nuys Building. Mr. Baldwin was formerly assistant manager of the bond department of the California Bank of Los Angeles.

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The COMMERCIAL & FINANCIAL CHRONICLE

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WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3985 New York, N. Y., Thursday, September 25, 1941 Price 40 Cents a Copy

Business Activity Up First Half September

The Board of Governors of the Federal Reserve System announced on Sept. 19 that industrial activity increased further in August and the first half of September, and commodity prices continued to advance. In its monthly summary of general business and financial conditions in the United States, based upon statistics for August and the first half of September, the Board also says that distribution of commodities to consumers expanded considerably. The Board's summary continues:

Production

In August industrial output increased somewhat more than seasonally and the Board's adjusted index advanced from 160 to 161% of the 1935-39 average. There were sharp further advances in activity in the machinery, aircraft, shipbuilding, and railroad equipment industries. Lumber production also increased, while furniture production, which had been unusually large in July, showed less than the customary seasonal rise in August. Output of steel and nonferrous metals continued at near-capacity rates.

In the automobile industry output of finished cars declined sharply as plants were closed during the changeover to new model production and output in factories producing bodies and parts also was reduced considerably. In the first half of September automobile assemblies increased as production of new models was begun but from now on, owing to Government restriction on passenger car production, output will be considerably below that during the previous model year.

In most nondurable goods industries production in August continued around the high levels reached earlier this year. At cotton mills activity declined slightly from the record level reached in July, while at woolen mills there was some increase. Rayon output continued at peak levels. In the silk industry operations were curtailed sharply, as the Government requisitioned all supplies of raw silk, and deliveries of silk to mills declined from 28,000 bales in July to 2,000 in August. Rubber consumption also decreased, owing to a Government curtailment program. Shoe production, which had been unusually large, increased less than seasonally in August, and output of manufactured food products and chemicals showed seasonal increases from the high levels prevailing in June and July.

At mines coal production in August, as in other recent months, was unusually large for the season, and output of crude petroleum rose to a record level of 4,000,000 barrels daily in the latter part of the month. Iron ore shipments down the Lakes amounted to 11,500,000 tons, the largest monthly total on record.

Value of construction contract awards showed a further sharp increase in August and was about four-fifths larger than a

(Continued on Page 308)

N.Y. Savs.-Loan Assets Soar To Record High

Total assets of all savings and loan associations in New York State increased by over $15,000,000 during the first half of 1941, reaching an all-time high, according to Zebulon V. Woodard, Executive Vice-President of the New York State League of Savings and Loan Associations. This information is based upon figures received from the Banking Department and the Federal Home Loan Bank of New York.

The 260 savings and loan associations in the State on June 30, 1941, had total assets of $462,874,949, compared with total assets of $447,487,663, on Dec. 31, 1940. This is an increase of $15,387,286 for the first six months of 1941 and sets an all-time high record. The previous high mark was reached in 1940, when the total assets of the 262 associations in the State as of Dec. 31, 1940, $447,487,663, exceeded the former high mark of Dec. 31, 1931, for the 302 savings and loan associations of the State which reported assets of $443,252,364 at that time.

Editorial—

Six Per Cent

In the course of testimony yesterday before the House Banking Committee, the Secretary of the Treasury inserted an obiter dictum to the effect that "if a corporation earns 6 per cent on its capital that ought to be enough." He had prefaced this opinion with an assertion that "if we are going to ask anybody else to be patriotic and make sacrifices, the owners of corporations will have to do likewise."

The President from the first has repeatedly evinced an almost morbid dread of any one making a penny from the armament effort. He has not hesitated to make use of this more or less popular doctrine to support tax proposals which are only in part related to our efforts to become the arsenal of democracy. He has never been satisfied with the rate at which corporations are being taxed, and his dissatisfaction has not in any way been confined to those enterprises which might in the natural course of events earn substantial sums from the defense program. He has not, however, so far as we can recall, had the hardihood to suggest that all corporate profits from whatever source derived be taken away save an amount equal to 6 per cent of capital invested. One is obliged to wonder if what the Secretary of the Treasury now suggests is to be regarded as a "trial balloon" of Rooseveltian design.

But whatever its origin or purpose the suggestion is now more or less officially before the public, and must be regarded seriously. Thoughtful people need not, of course, be reminded that the suggestion is not that profits be fixed at 6 per cent, but that a 6 per cent "ceiling" be placed above profits of corporations, the individual enterprise assuming the risk of much smaller earnings, no earnings at all, or

(Continued on Page 306)

FROM WASHINGTON AHEAD OF THE NEWS

One of Washington's most interesting feuds is apparently by way of being ironed out as there develops enough power to be spread out over all the Bureaucrats. Secretary of the Treasury Henry Morgenthau and Marriner S. Eccles, governor of the Federal Reserve Board, whose running fight over the past eight years, has frequently made the financial community nervous, seem to be getting together.

The upshot of it is likely to be that Eccles may get legislation from Congress increasing the excess reserve requirements which he may call for from banks. By the time this is printed he probably will already have increased these requirements up to the ceiling which he is now authorized to do. But what is probably more important is that since last January he has been trying to get legislation empowering him to make the requirements even higher. Morgenthau has checked him, and furthermore has threatened to use his stabliziation fund as a lever against Eccles' operations to make interest rates higher. Eccles has been insisting that interest rates had to be higher to prevent inflation. He started out on this tack last January in his annual message to Congress. In this message he

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October lead allocations set. Move to raise zinc prices abandoned for present.
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Defense savings stamps sales for May-August total $13,817,000.
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Labor Bureau's wholesale price index up 0.7% further in week ended Sept. 13.
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Living costs increased further by 0.8% from mid-July to mid-August.
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Annual report of FDIC proposes supervisory contact by Corporation with each insured bank — Income of Corp since beginning 274.5 million.
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Car loadings in week ended Sept. 13, totaled 913,952 cars, a gain of 13.6% over year ago.
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The September 23rd Issue Delayed - - -

The September 23rd issue of the Financial Chronicle is being held up to give precedence to the September 25th issue, containing news, editorials and special features. The delay of any issue of the Chronicle is unfortunate, but publication of the news seems more important than absolute promptness in the release of statistical material. Our difficulty in meeting the unreasonable demands of dictatorial labor union officials is the basic cause of this delay. In spite of this, we are gradually catching up with our publishing schedule, and will presently resume publication of much material which our readers have long found useful but which has been temporarily crowded out. However, we must ask our readers to continue to be patient with us just a little while longer.

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City. Delivery will be made in about three weeks.

From Washington

(Continued from First Page)

complained that a monetary house divided against itself cannot stand, and also complained that the Federal Reserve Board found itself checked in the functions of controlling the country's credit system which were assigned to it.

There were collateral recommendations such as that the President's power further to devalue the dollar should be repealed, as well as the silver policy. He showed his recommendations to the President who expressed no objections to their being presented to Congress.

But he didn't show them to Morgenthau. The result was that Morgenthau, with the aid of Jesse Jones, went to work to scuttle his recommendations on Capitol Hill. Jones' interest in the matter may have been influenced by the fact that when the deck seemed cleared for his man, Emil Schram, to be governor of the Chicago Federal Reserve Board, Eccles stepped in and vetoed him with the succinct announcement that he hadn't been consulted. Schram subsequently landed a much better paying job as president of the New York Stock Exchange.

The Morgenthau-Eccles feud began even while Eccles was serving under Morgenthau in the Treasury in the early New Deal. He didn't form a good impression of his chief and since he became governor of the Federal Reserve Board, he never missed an opportunity at Washington gatherings to say that he hadn't. One of the first things he did, in fact, was to work with Senator Carter Glass in the framing of the 1935 Banking Act to have Morgenthau removed as an ex officio member of the Reserve Board. Morgenthau never forgave him for this, inasmuch as the treasury secretary had served on the board since its creation in the Woodrow Wilson regime.

Over the ensuing period of years, it is difficult to find one single instance of Morgenthau and Eccles agreeing on a single major problem. They fought for months over what to do about the Bank of America. They fought over standardized bank examinations. When the war broke out in Europe, Eccles went into the bond market to buy up U.S. government bonds. But he didn't let Morgenthau know he was doing this and for several days Morgenthau eagerly followed the ticker under the impression the bonds were holding up without artificial support.

Following Morgenthau's scuttling of his recommendations to Congress, the country was to witness the unsual spectacle of another Government official, Eccles, opposing in many policy features, the Treasury's tax recommendations. Ordinarily, the tax recommendations of the Treasury are those of the Administration. The venerable chairman of the House Ways and Means Committee, Robert L. Doughton of North Carolina, complained about this confused situation in a letter to the President.

There is no telling how much grief the feud of these two money powers has caused the financial community. Their two agencies, supposed to synchronize, have never done so. Now, Morgenthau is said not to be averse to letting Eccles have legislation to increase the reserve bank requirements which means, presumably, that Morgenthau is not averse to higher money. That is what Eccles wants the legislation for. What this will do to the interest which the Government has to pay for its money is something else. One of Morgenthau's great prides and frequent boasts is the cheapness

(Continued on Page 307)

Editorial—

Importance Of An Independent Legislative Department

On Monday, December 2, 1851, the unwarned people of France awoke to be told that they were no longer citizens of a free Republic but the subjects of a dictatorship of force which proceeded promptly to demonstrate that it was as bloody and despotic as any tyranny of the past. Hideous conspiracy, working its ignoble and selfish ends while the people slept, had robbed them over-night of all their most cherished freedoms; it had taken away all the realities of self-government; it had destroyed freedom of assembly, freedom of speech, freedom of the press, and freedom of political action, leaving only an empty shell in the form of an illusory thing called "universal manhood suffrage." An enslaved people was permitted, under Louis Napoleon as dictator and emperor, to retain the futile bauble of suffrage, provided there was no adverse scrutiny or criticism of official bribery and coercion at the polls or of the manner in which the votes were counted after they had been cast, and provided that always nearly all the votes were finally given in favor of candidates pre-chosen by the executive.

The story of the **coup d'etat** that subverted the Second French Republic and substituted a crude and cruel dictatorship, and, in the next year transformed that dictatorship into the Second French Empire, a spendthrift and dissolute but gaudy and glittering personal government which, within eighteen years, tottered through public regimentation, official jobbery and peculation, inept adventures in international relations, continued foreign wars, conscription, and almost bankruptcy, to the ultimate catastrophe of the Franco-Prussian war and irretrievable defeat at Sedan can be briefly related.

In the year 1849, during a period that must have been one of temporary aberration, the French people chose the reputed son of one of the brothers of Napoleon the Great to be the President of their young Republic. They knew little of him and that little was scarcely creditable. Since the defeat of his putative uncle at Waterloo, in 1815, all his years had been spent in exile, except those from 1840 to 1846 when he was imprisoned in a French fortress as penalty for a futile and fatuous attempt to seize the government of France. Apparently, the voters cared so little for the presidential candidates whom they knew better, General Cavaignac, Lamartine, Odilon Barrot, and a few others, that with general accord their choice turned to the aspirant whom they knew least of all. He was called Bonaparte and Napoleon, names that had connotations of victory and glory, long after their burdens of sacrifice and slaughter had ceased to be remembered by the masses. It might well have been written of this candidate at that time, as it was later written of another ambitious aspirant for high office:—

> ". . . his mind is not very clear, his purposes are not simple, and his methods are not direct. . . . He is a pleasant man who, without any important qualification for the office, would very much like to be President."

But he received much more than a majority of the votes and was elected. Promptly after his accession to the Presidency of France, Louis Napoleon began to assume unauthorized state, to pose among military surroundings, and to usurp powers denied by the republican constitution and highly undemocratic in character. How long the plot to seize autocratic powers was in process of incubation cannot now be known but before his **coup d'etat** the President had placed the command of the French army in the hands of fellow-conspirators and had made another conspirator chief of the Parisian police. Before daylight on December 2, the opposition leaders of Paris had been sought out, arrested without pretense of justification, and imprisoned; troops had invaded the halls of public legislation and excluded the legislators; and all Paris had been placarded with announcements of the usurpation. A principal feature of these announcements was the abolition of the independent national legislature, called, in English, the "National Assembly." The short proclamation of the usurper began with the sentence:—

> "The National Assembly is dissolved."

France had, also, a high court of ultimate jurisdiction and plenary power which, had it been permitted to function in accordance with the constitution of the Republic, would have declared the outlawry and deposition of the President on account of these treasonable acts. The usurper, however, abolished that lofty tribunal too. Resistance was attempted, but the plot had been too subtly matured; there was a wanton massacre of patriots and innocent bystanders on December 4; a few of the more determined were executed, thousands were banished, and despotism reigned where freedom had ceased.

The President of the United States, within the last month, has related, in a weekly periodical and over his own signature, how, beginning early in 1937, he had succeeded, although his plan was rejected in Congress, in reducing the Supreme Court of this country to the level of a mere agency of the Executive Department and has made it, for the time being at least, practically incapable of exercising an independent judgment upon any portion of the political program of expedients and improvisation which he has chosen, or may from time to time choose, to adopt. Arthur Krock, that close observer and accurate recorder of Federal politics, has declared within the week through his column in **The Times** that there is already open discussion among New Dealers in Washington of the possibility of preventing the election of a Seventy-Eighth House of Representatives, as the Constitution requires, in November of 1942. At one of his press conferences last week, the President was asked about this suggested abrogation of the Constitution and refused to comment, precisely as he declined to speak when violation of the anti-third-term tradition was broached before 1940. Can it be that a people which, despite official preachments planned to awaken war-like ardors among them, remains substantially eighty per cent opposed to involvement in the present European and Asiatic conflicts, will not have the opportunity next year to elect members of Congress and Senators who are less amenable than those now in office to executive pressure towards the assumption of additional war risks and war burdens. The proposal to ignore the plain language of the Constitution, which requires biennial elections for members of the House of Representatives and one-third of the membership of the Senate, is so extreme that probably bringing it promptly into the open will be sufficient to effect its abandonment. Never-

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Six Per Cent

(Continued from Page 305)

even large losses as from operations. Neither should it be needful to call attention to the fact that the suggestion has nothing whatever to do with profits from the armament program. Nor is there anything to be gained by pointing to the obvious fallacy in the argument that if "anybody" is to be asked to sacrifice, etc. Probably what the Secretary meant to say was that if everybody else is to be required to sacrifice, owners of corporations must likewise be required to do so. At least we may well give Mr. Morgenthau the benefit of doubt. There is question enough about the soundness of the argument even when such concessions are made.

But the really serious side of this matter is to be found elsewhere. The Secretary says that 6 per cent "ought to be enough." Precisely what does he mean by "ought to be?" The thoughtless or ill-informed observer—and the vast majority of the New Deal managers—almost invariably begin to argue such points by reference to some abstract principle of alleged justice, which, of course, is but another name for one's own idea of what is right and fair. Since the rank and file are much inclined to the view that practically any profit earned by a corporation is excessive, it is easy by ad hominem argument to "make a case" for a very low rate of return. Thus it is that one anti-business statute after another about taxes and a great many other things is readily taken to the statute books.

Such discussions fail by a wide margin, however, of going to the roots of the matter. They are akin to the much misinterpreted principle of levying taxes in accord with the ability to pay, interpretations which many times must have made Adam Smith turn in his grave. When taxation has reached the point it has long ago reached both here and abroad, the real question becomes not what is fair and just but what the levies imposed do and will do to the spirit of enterprise which keeps any economy alive and vigorous. It is grossly unfair not only to the owners of corporations but to every mother's son of us to impose taxes which place a dead hand upon business enterprise, which so limit the probabilities, not to say the possibilites, of profit that those who otherwise would enter upon business careers to supply the wants of the people are seriously deterred from doing so. A dead goose or an unhatched goose lays no eggs either in the form of tax payments or in terms of goods which must furnish the basis for reasonably abundant living.

The Secretary in suggesting taxation which goes far beyond the limits even of New Deal suggestions heretofore made is threatening to reduce the supply of future goods of all sorts, and in doing so, moreover, he is but carrying to a further extreme the typical New Deal conception of taxation. It would be follish to suppose that, once upon the statute books, such legislation would be easily expunged therefrom, regardless of defense programs or wars. Herein lies the serious danger of all such suggestions.

theless, it would be futile to deny that executive encroachment, during the period of the New Deal, has already gone almost as far in impairment of the independence and the co-ordinate status of the Legislative Department in the Federal trinity of equal powers as in the contemporaneous raid upon the Judicial Department. Earlier this year the able and experienced chairman of the Judiciary Committee of the House of Representatives felt called up to declare, in the course of a debate upon the floor:—

> ". . . during a great many years the Congress of the United States has not been, in a constitutional sense, the body where the public policy of the Government is fixed."—**Congressional Record, April 28, 1941**, p. 3429.

In his next sentence, however, Mr. Sumners, asserted his opinion that Congress must, in the public interest, presently resume its policy-making and policy-controlling functions. Executive encroachment upon and subversion of the legislative power has been subtle and insidious. The Constitution, for one thing, requires that the President shall, from time to time, advise the Congress concerning the condition of the Union and recommend the legislative measures that he believes to be desirable. Constitutional conduct on the part of the Chief Executive, and the dignity of Congress, would seem unmistakably to require that these communications should be formal and exclusive and that there should be no indirect or qualifying commitments, certainly not in matters of importance. Yet in the great majority of instances, under the New Deal, Congress has learned of circumstances of national significance through newspaper reports of press conferences, through fireside chatter by way of radio broadcasts, through speeches upon quasi-public occasions, even through letters to occasional correspondents and to individual Representatives or Senators who might be relied upon to publicize only so much of the executive communication as might seem calculated practically to advance the executive purpose. What is actually of still greater importance, has been an extending practice of forestalling Congressional action, achieved sometimes by bold commitments of the Executive to novel and sweeping policies that it would be embarrassing to members of the President's party to decline to accept after they have reached the stage at which definite legislative sanction must be obtained or the policy abandoned, but, more often, by similar commitments so ultimate in their consequences as to make their repudiation by subsequent legislative refusal to provide the legislative authority which ought to have been sought at the beginning inimical to some commanding public interest or injurious to the national dignity and pride. By these methods of indirection a great deal of weakening of the three-fold distribution of Federal powers has already been achieved. For the rest, coercion towards unquestioning acceptance of executive plans in legislation, oftener than not of measures of exclusively executive origination, has been a complex of patronage, in the forms of appointments to office and generous allotments out of blanket appropriations improvidently placed within executive disposition, supplemented by sheer audacity and browbeating insistence upon misleading interpretations of large majorities hitherto obtained at elections in which the actual substance of the Presidential policies was studiously concealed. By all these methods, and perhaps others less plainly revealed but no less unworthy, a condition has been achieved in which only occasional flashes of independence relieve a low level of unwilling and grudging Congressional subservience to Presidential demands.

It is a condition as dangerous to American freedom as was the condition of the legislative department of France immediately before the **coup d'etat** of December 2, 1851. It is additionally dangerous now and here, because the temporary enthrallment of the Supreme Court for the time being deprives the Constitution, that is to say the fundamental law which all the people legislated into existence, of any effective and immediate practical authority. Moreover, one-man legislation, legislation by any executive however he may be selected or continued in office, is rarely anything but arbitrary and always tends towards becoming more and more autocratic, if not actually whimsical and tyrannical. Everywhere and at all times, experience has demonstrated that in the deliberations of representative assemblies, where minds mingle that are equipped by experience gained in scattered localities with varying interests, preferences, and prejudices, lies the sole practical and dependable means of working out those progressive emendations of custom that are the only sane and safe measures of liberal and progressive legislation. In no country are the civil liberties and the personal rights of citizenship safe and secure, unless that country possesses a representative legislature, fully protected against, and immune to, executive intimidation, coercion, or control.

Editorial—

Debts And Taxes

Obscured for the time being by the forensic debate on national defense, the questions of debts and taxes are sure to outlive that problem and to plague us for an indefinite time to come. Financial changes are both the cause and effect of many others, especially in the field of governmental action. The tendencies set in motion by such feverish periods as the one we are passing through are likely to be far more permanent than the things immediately feared — and far more dangerous.

In the rush to speed the wheels of national defense, altogether too little attention is being paid to the costs and to the changes in national complexion necessarily involved in mountainous debts and taxes. Chief Justice John Marshall voiced the dictum that the power to tax involves the power to destroy. Whether the country will catch up with John Marshall and limit the powers and outlays of government sensibly is, perhaps, the most vital question we face.

To the degree that defense outlays actually are necessary and advisable, no one will quibble about costs. But the politicians and the military experts appear to be at odds regarding what constitutes defense. To the politicians it is a vast complex of world activities involving the projection of American might into every ocean and perhaps onto every continent. Lend-lease no longer is a mere matter of defense for so-called democracies, but an instrument of limitless use. And the cost will be enlarged to $13,000,000,000, on the revision of earlier estimates.

Whether lend-lease constitutes defense or a grand-scale intervention in external affairs is a matter that has not been adequately discussed by military experts. The chosen representatives of those who wanted lend-lease argued for it, but the military journals make it clear that a substantial body of opinion holds otherwise. The genuine military defense of the United States, many experts tell us, calls for a good navy, which we assuredly possess, and an adequate aerial armada.

Meanwhile, the funds pour out in the utmost haste, and the waste that is traditional in government is being augmented by the headlong hurry. Requests that non-defense expenditures, apart even from lend-lease and other arguable outlays, be curtailed are given lip-service in certain instances, but are disregarded almost as a matter of course. A joint Congressional committee finally is to study the possibility of reducing non-defense costs, under the new tax bill, but it remains to be seen whether this will be an effective method

The costs pile up and under the new tax bill they will be brought home to millions next year, when income returns are to be filed. But those returns will afford no real index to the long-term trend that is changing the American scene in perturbing ways. "That government is best which governs least" is one of the soundest observations ever made by Thomas Jefferson. The corrollary concerning excessive government needs no emphasis.

In a slim statistical pamphlet just published by the Tax Foundation, it is pointed out that at the beginning of the world war in 1914, Federal, State and local governments were collecting slightly more than $2,000,000,000 annually in taxes. But in 1940 the contributions were no less than $14,500,000,000, and even this vast sum only partly offset total expenditures.

Population increases and changed standards may have made some of the increase inevitable, but even after such factors are given due consideration, the advance remains tremendous. The ratio of taxes to national income in 1940 was 20%, but only 6% in the pre-war year of 1913. On a per capita basis, tax collections in 1940 approximated $100, but in 1913 were $22.66.

As for debts, it would hardly seem appropriate to consider current figures as indicative, but they nevertheless are both startling and instructive. The direct Federal debt now exceeds $50,000,000,000, and State and local debts are approximately $20,000,000,000. In 1913 the aggregate of Federal, State and local government debts was $5,721,000,000. The Federal budget for the next fiscal year, according to some preliminary surveys, will come to something like $32,000,000,000, and the anticipated deficit of more than $12,000,000,000 for this year will probably advance to $19,000,000,000 in the next fiscal period.

Governmental debts of $100,000,000,000 are in sight in a matter of less than two years, and in the careless waving aside of such mundane matters one of the Administration spokesmen predicted $300,000,000,000 of Federal indebtedness within a few more years. To mention inflation in connection with such figures is superfluous. More perturbing still are the arch-revolutionary forces implied in this movement.

From Washington

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at which he has been able to borrow.

The indications of their rapprochement seem to good to be true. Ronald Ransom, vice chairman of the Reserve Board, in Eccles' absence has been negotiating with Morgenthau and they are said to be getting along together splendidly. It may be true. It would be a matter of no small importance, if true.

The Navy is working intensely against the agitation in Congress for the House Naval Affairs Committee to investigate the alleged exorbitant profits in naval shipbuilding. Chairman Vinson of the committee is up in arms over the information in his possession and wants to blow the matter out of the water and then put a seven percent limitation on profits. But the Navy, for any number of reasons, doesn't want the business aired just at this time. The probability at this time is that it will prevail.

One of the most interesting agitations to develop in Washington officialdom in a long while is that to dismantle the defense army with a view to concentrating on the Navy and lend-lease as this country's contribution to the war. Walter Lippman first broached the subject serveral days ago, but it develops that an influential section of the New Deal originated the idea. It doesn't come from Mr. Roosevelt and certainly not from the Army, but it does come from a group that has the President's ear.

In the way in which agitations arise and spread in Washington it is not at all unlikely that this one will reach major proportions and possibly get somewhere. It certainly finds a receptive ear in Congress which is burning up, generally speaking, over the fact that after General Marshall insisted that he had to have an extension of the selectees' period of training or his army would be demoralized, he turned around and announced that 200,000 men would be released by Christmas.

The proposal runs, definitely counter, however, to what Lord Beaverbrook told Senators when he was in Washington. He told them that the idea that Hitler could be bombed into submission was the bunk; that an invasion of the continent would be needed and that Britain didn't intend to make the invasion without this country's going along.

Broader Lease-Lend Powers

President Roosevelt on Sept 16 appointed Edward R. Stettinius Jr., Lease-Lend Administrator, as his special assistant and delegated to him authority to sign his name to authorizations for aid to foreign countries under the lease-lend program. The President explained that the purpose of this action was to speed up the program. He told his press conference that there had been to much red tape from the time the lease-lend applications were made and final approval by the Government was given, adding that this period has been reduced from between 25 and 30 days to 16 days and that the latest action will cut the time another day. Mr. Stettinius will supply the President with a weekly report as to what applications have been signed. In his new capacity Mr. Stettinius will be paid $10,000 a year; he had been a dollar-a-year man in his previous position viz. Priorities Director of the Office of Production Management. His appointment as Lease-Lend Administrator was reported in these columns Aug. 30, page 1205.

Business Activety Up First Half September

(Continued from First Page)

year ago, according to F. W. Dodge Corp. reports. The rise from July was substantial for all general types of construction but was most pronounced for publicly-financed projects. Awards for residential building continued to increase.

Distribution

Sales of general mechandise rose sharply in August and were at an extermely high level for this time of year. The Board's seasonally adjusted index of department store sales advanced to 133% of the 1923-25 average as compared with 115 in July and an average of 103 in the first half of this year. In the early part of September department store sales declined from the peak reached in the latter part of August.

Railroad freight-car loadings in August were maintained in the large volume reached in June and July. Coal shipments increased, following some reduction in July, while loadings of grain, which had been large since last spring, declined.

Commodity prices

Wholesale prices of most groups of commodities continued to advance from the middle of August to the middle of September. Prices of grains, other foodstuffs, and cotton showed large increases and there were advances also in prices of a number of industrial commodities not covered by Federal price ceilings. Fragmentary data available indicate that retail prices of foods and other commodities rose further during this period.

Agriculture

The outlook for agricultural production in 1941 showed little change during August. Crop prospects were reduced slightly by drought but aggregate crop production is expected to be 2% larger than last year and the largest for any year except 1937. Total marketings of livestock and livestock products will probably be the largest on record. Preliminary estimates of the Department of Agriculture indicate that cash farm income, including Government payments, will be about $10,700,000, compared with $9,120,000,000 in 1940.

Bank credit

Commercial loans at reporting member banks in 101 cities continued to rise substantially during the four weeks ending Sept. 10. Bank holdings of United States Government securities showed little net change, while holdings of other securities increased somewhat at New York City banks. As a result of the expansion in loans and investments bank deposits continued to increase.

United States Government security market

Prices of Treasury bonds increased in the latter part of August but subsequently declined somewhat in the first part of September. On Sept. 15, the partially tax-exempt 2¾% 1960-65 bonds were yielding 2.06% compared with the record low yield of 2.02%. Yields on Treasury notes showed little change in the period.

Daily Average Crude Oil Production for Week Ended Sept. 20, 1941, Up 40,500 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Sept. 20, 1941 was 4,074,200 barrels. This was a gain of 40,500 barrels from the output of the preceding week and the current week's figures were above the 3,960,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during September. Daily average production for the four weeks ended Sept. 20, 1941, is estimated at 3,981,900 barrels. The daily average output for the week ended Sept. 21, 1940, totaled 3,621,050 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,995,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 80,199,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 14,031,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a B. of M. Calculated Requirements (September)	State Allowables	Actual Production			
			Week Ended Sept. 20 1941	Change from Previous Week	4 Weeks Ended Sept. 20 1941	Week Ended Sept. 21 1940
Oklahoma	489,800	428,000	b 428,650	+ 11,550	427,950	404,250
Kansas	239,800	248,800	b 258,800	+ 14,750	246,650	201,700
Nebraska	5,000	------	b 6,750	— 600	7,200	250
Panhandle Texas			86,200	+ 900	84,300	78,250
North Texas			102,000	+ 600	101,200	97,700
West Central Texas			30,900	+ 100	30,800	29,900
West Texas			279,050	— 1,600	265,100	229,900
East Central Texas			84,750	— 500	83,900	74,750
East Texas			369,699	— 150	351,850	374,850
Southwest Texas			217,250	— 3,000	209,600	218,800
Coastal Texas			292,500	— 700	281,050	212,500
Total Texas	1,378,600	a1,406,362	1,462,250	— 4,350	1,407,800	1,316,650
North Louisiana			81,200	+ 750	80,000	65,500
Coastal Louisiana			253,750	— 1,550	254,600	219,150
Total Louisiana	324,000	328,646	334,950	— 800	334,600	284,650
Arkansas	79,000	76,013	75,800	+ 200	75,300	72,550
Mississippi	33,000		b 55,200	+ 1,600	53,200	27,000
Illinois	392,500		412,650	+ 18,600	400,950	354,150
Indiana	21,400		b 20,400	+ 700	20,350	17,950
Eastern (not incl. Ill. & Ind.)	99,800		93,550	+ 650	92,900	89,300
Michigan	39,500		52,000	+ 150	50,250	50,000
Wyoming	85,000		88,400	+ 4,900	83,400	77,800
Montana	20,200		20,600	+ 50	20,450	17,200
Colorado	4,500		4,950	+ 100	4,700	3,450
New Mexico	113,200	113,200	114,150	+ 400	113,850	97,150
Total East of Calif.	3,325,300		3,429,100	+ 47,900	3,339,550	3,014,050
California	634,700	d610,000	645,100	— 7,400	642,350	607,000
Total United States	3,960,000		4,074,200	+ 40,500	3,981,900	3,621,050

a These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of September. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude oil to be produced.

b Okla. Kans. Neb. Miss. Ind. figures are for week ended 7 a.m. Sept. 17th.

c This is the net basic 30-day allowable as of Sept. 1st but experience indicates that it will increase as new wells are completed, and if any upward revisions are made, Panhandle shutdown days are September 7, 14, 21 and 28th; with a few exceptions the rest of the state was ordered shut down on September 1, 6, 7, 13, 14, 20, 21, 27, 28 and 30th.

d Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 20, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity		Crude Runs to Stills		Gasoline Produc'n at Refineries Incl. Natural Blended	Stocks Finished & Unfinished Gasoline	b Stocks of Gas Oil and Distillates	b Stocks of Residual Fuel Oil	c Stocks Aviation Gasoline
	Potential Rate	P. C. Reporting	Daily Aver.	P. C. Operated					
East Coast	673	100.0	605	89.9	1,790	19,394	17,645	10,042	E. Coast
Appalachian	166	83.8	142	102.2	506	2,968	618	553	669
Ind. Ill. Ky.	752	84.4	653	102.8	2,679	14,450	5,635	4,506	Interior
Okla. Kans. Mo.	413	80.7	311	93.4	1,212	6,599	2,091	2,019	1,269
Inland Texas	263	63.2	123	74.1	613	2,159	479	1,322	G. C'st
Texas Gulf	1,097	91.0	1,011	101.2	3,359	11,232	6,211	7,823	3,232
Louisiana Gulf	156	94.2	165	111.5	414	3,122	1,662	2,126	
No. La. & Arkan.	95	49.9	58	123.4	163	360	374	410	
Rocky Mountain	136	50.1	62	91.2	232	994	133	402	Calif.
California	787	90.9	513	71.7	1,658	13,551	12,699	64,377	1,984
Reported		86.4	3,643	92.9	12,626	74,829	47,547	93,580	7,154
Unreported			352		1,405	5,370	1,360	1,425	385
a Est. tot. U. S. Sept. 20, 1941	4,538		3,995		14,031	f80,199	48,907	95,005	7,539
a Est. tot. U. S. Sept. 13, 1941	4,538		4,010		13,460	80,555	47,271	95,753	7,452
U. S. B. of M. a Sept. 20, 1940			d 3,599		e 11,921	82,565	47,439	107,403	5,931

a Estimated Bureau of Mines' basis. b At refineries, bulk terminals, in transit and in pipe lines. c Included in finished and unfinished gasoline total. d Sept., 1940, daily average. e This is a week's production based on U. S. Bureau of Mines Sept., 1940, daily average. f Finished, 72,627,000 bbl.; unfinished, 7,572,000 bbl.

Imports and Receipts

Because of changes in the Bureau of Mines' definitions of "Imports" and "Exports" put into effect with the publication last week of its statement covering operations during the month of July, which changes amount to an elimination of entries into bonded warehouses as "imports" unless or until they are actually withdrawn for domestic use, and the placing of its export figures on a true basis of domestic exports,—moves which the institute has long advocated and with which it is in thorough accord due to the complications inherent in "shuttle" and "in bond" operations generally, the Institute finds it advisable temporarily to withdraw its import figures until such time as the machinery necessary for the weekly collection of this information on a strictly "imports for consumption" basis can be set up. The American Petroleum Institute, following its policy of closely adhering to Bureau of Mines definitions, had been reporting, along with the Bureau, on a "general imports" basis.

There were no receipts of California oil at Atlantic or Gulf Coast ports during the week ended Sept. 20th.

Hereafter no mention will be made of receipts unless material is actually received here.

The State Of Trade

Business activity, especially in the non-defense areas, is beginning to reflect in a marked way increasingly heavy handicaps. There is widespread apprehension concerning the labor situation, especially as it concerns steel and shipping. As soon as the steel unions have completed drives now in progress among independents, some look for new closed shop campaigns, with or without the checkoff. Higher wage demands, based principally on the argument that living costs have gone up, are again in evidence.

Another factor taking heavy toll in non-defense business and industrial areas is the government monopoly of material and labor for defense purposes. Gov. Murray D. Van Wagoner, denying that he was an "alarmist," said today that the nation would be plunged into another great depression within three months unless defense priorities on labor and materials are liberalized for civilian industries. He stated: "that unless the priorities starvation now facing our small industries in Michigan is relieved, Michigan faces a welfare and economic problem far worse than the depth of the last depression." It is said that this situation can be paralleled in not a few industrial areas.

Growing concern over the fate of non-defense industries in Greater New York to-day prompted the Commerce and Industry Association to institute a survey of priorities problems. Armed with the factual picture, the association plans to carry the problem directly to federal authorities at the end of the survey in the hope of providing information that will help make the dislocation among the city's firms as less severe as possible.

Governor Van Wagoner's warning is reinforced by the prediction of the National Association of Manufacturers that within the next six months 3,000,000 persons now employed in producing for civilian needs will be unemployed or working part time.

Spreading shutdowns in non-defense industries, due to materials shortages, found reflection to-day in an unseasonal drop of 1.5 per cent in production of electricity during the last week, as reported by the Edison Electric Institute.

Normally, it was pointed out, production and likewise demand to which it is geared, should have recorded a substantial increase over the preceding week. But output dropped during the period to 3,232,192,000 k.w.h. These figures represent a gain of 16.7 per cent compared with the same week last year.

September steel orders average 30 to 45 per cent under August tonnages, but even with this reduced volume of new business equaled shipments so that backlogs continued high, "Iron Age" observed to-day.

Incoming business, most of which is either directly or indirectly for defense, indicates that steel consumers requiring materials for non-essential uses can expect little or no steel, at least for a while, the weekly review stated.

In a further move to curb the growing tendency toward monetary inflation, the Federal Reserve Board increased reserve requirements for members banks to the present statutory limit, effective November 1st, it was disclosed jointly by the Board and the Treasury Department. This action will result in a reduction of excess reserves from about $5,200,000,000 to about $4,000,000,000 for member banks taken as a whole.

Action of the Board follows conferences with Secretary of the Treasury Morgenthau over the past several months, which probed into the entire inflation picture and included discussion of plans to prevent a further rise in the cost of living.

Retail sales gains over last year are expanding again, following several weeks of reaction from the consumers' buying rush of August. Department store sales last week, for example, are estimated to have run some 20 per cent above the same week last year. This was a marked widening of sales gain recorded for the previous week when trade was 8 per cent higher than last year. The August buying rush sent retail indices to all-time peaks, the Federal Reserve Board index of department store sales reaching 135 per cent of the 1923-25 average. While a marked decline from this level is anticipated, the index is not expected to dip below 115, the highest monthly level in 1929.

Revenue Freight Car Loadings During Week Ended Sept. 13, 1941 Reaches 913,952 Cars

Loading of revenue freight for the week ended Sept. 13 totaled 913,952 cars, the Association of American Railroads announced on Sept. 18. This was an increase of 109,687 cars or 13.6% above the corresponding week in 1940, and an increase of 113,521 cars or 14.2% above the same week in 1939.

Loading of revenue freight for the week of Sept. 13, was an increase of 116,212 cars or 14.6% above the preceding week, which included a holiday.

Miscellaneous freight loading totaled 390,866 cars, an increase of 53,274 cars above the preceding week, and an increase of 68,325 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 158,787 cars an increase of 20,389 cars above the preceding week, and an increase of 2,345 cars above the corresponding week in 1940.

Coal loading amounted to 171,730 cars, an increase of 21,589 cars above the preceding week, and an increase of 31,609 cars above the corresponding week in 1940.

Grain and grain products loading totaled 45,045 cars, an increase of 8,167 cars above the preceding week, and an increase of 2,551 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Sept. 13, totaled 30,267 cars, an increase of 5,376 cars above the preceding week, and an increase of 2,278 cars above the corresponding week in 1940.

Live stock loading amounted to 14,453 cars, an increase of 1,836 cars above the preceding week, but a decrease of 2,926 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of September 13 totaled 11,167 cars, an increase of 1,653 cars above the preceding week, but a decrease of 2,722 cars below the corresponding week in 1940.

Forest products loading totaled 45,655 cars, an increase of 6,969 cars above the preceding week, and an increase of 5,217 cars above the corresponding week in 1940.

Ore loading amounted to 74,448 cars, an increase of 3.646 cars above the preceding week, and an increase of 1,820 cars above the corresponding week in 1940.

Coke loading amounted to 12,968 cars, an increase of 342 cars above the preceding week, and an increase of 1,820 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 weeks of January	2,740,095	2,557,735	2,288,730
4 weeks of February	2,824,188	2,488,879	2,282,866
5 weeks of March	3,817,918	3,123,916	2,976,655
4 weeks of April	2,793,563	2,495,212	2,225,188
5 weeks of May	4,160,527	3,351,840	2,926,408
4 weeks of June	3,510,137	2.896,953	2,563,953
4 weeks of July	3,413,427	2,822,450	2,532,236
5 weeks of August	4,464,458	3,717,933	3,387,672
Week of September 6	797,740	695,094	662,357
Week of September 13	913,952	804,265	800,431
Total	29,436,005	24,954,277	22,646,496

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 13, 1941. During this period 109 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED SEPT. 6

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1941	1940	1939	1941	1940
Ann Arbor	588	571	687	1,492	1,435
Bangor & Aroostook	983	813	1,074	292	177
Boston & Maine	9,182	7,561	8,248	13,456	10,394
Chicago, Indianapolis & Louisville	1,696	1,483	1,815	2,586	2,414
Central Indiana	17	13	16	77	34
Central Vermont	1,539	1,375	1,405	2,599	2,109
Delaware & Hudson	7,119	5,680	5,719	11,111	8,258
Delaware, Lackawanna & Western	9,809	9,323	10,985	9,246	7,581
Detroit & Mackinac	297	393	367	157	159
Detroit, Toledo & Ironton	2,447	1,982	1,909	1,312	1,448
Detroit & Toledo Shore Line	350	288	284	4,065	2,978
Erie	15,226	13,981	14,650	15,707	13,874
Grand Trunk Western	5,614	4,749	4,580	8,986	7,521
Lehigh & Hudson River	160	195	179	2,738	2,405
Lehigh & New England	1,875	2,517	2,516	2,028	1,554
Lehigh Valley	10,511	9,951	10,486	9,823	7,390
Maine Central	2,634	2,642	3,029	2,266	1,974
Monongahela	6,587	5,331	4,508	314	243
Montour	2,557	2,365	2,202	59	58
New York Central Lines	53,942	45,758	45,632	55,038	44,717
N. Y., N. H. & Hartford	12,566	10,494	10,702	15,962	13.002
New York, Ontario & Western	1,223	1,024	1,087	2,333	1,820
N. Y., Chicago & St. Louis	7,507	6,694	7,148	14,232	11,323
N. Y., Susquehanna & Western	548	370	517	1,658	1,608
Pittsburgh & Lake Erie	8,677	7,613	6,390	9,033	8,392
Pere Marquette	6,341	6,127	5,979	6,633	5,457
Pittsburgh & Shawmut	788	868	606	46	62
Pittsburgh, Shawmut & North	459	409	420	482	211
Pittsburgh & West Virginia	1,167	884	1,102	2,425	2,130
Rutland	625	648	713	1,205	900
Wabash	6,297	5,968	6,231	10,523	9,419
Wheeling & Lake Erie	5,673	4,989	5,330	4,300	3,688
Total	185,004	163,059	166,516	212,184	174,735
Allegheny District—					
Akron, Canton & Youngstown	749	534	474	1,166	957
Baltimore & Ohio	43,276	35,915	35,083	22.827	18 494
Bessemer & Lake Erie	6.891	6,357	5,361	2,416	2,530
Buffalo Creek & Gauley	276	309	295	4	4
Cambria & Indiana	1.895	1,361	1,341	11	9
Central R.R. of New Jersey	8,778	6,910	7,243	16,909	12,631
Cornwall	701	665	632	66	58
Cumberland & Pennsylvania	325	248	265	34	44
Ligonier Valley	118	135	134	57	37
Long Island	964	753	531	3,029	2,665
Penn-Reading Seashore Lines	2,313	1,751	1,662	2,211	1,533
Pennsylvania System	93.615	76.077	69,872	61,560	47,923
Reading Co.	18,057	16,457	14,413	24,486	19,127
Union (Pittsburgh)	19,322	19,772	13,277	[illegible]	[illegible]
Western Maryland	4,611	3,472	4,054	9,981	7,414
Total	201,891	170,716	154,637	151,776	119,883
Pocahontas District—					
Chesapeake & Ohio	30,792	25,079	28,365	13,651	11,863
Norfolk & Western	25,099	21,869	22,204	6,325	5,430
Virginian	4,831	4,679	4,709	1,939	1,595
Total	60,722	51,627	55,278	21,915	18,888
Southern District—	1941	1940	1939	1941	1940
Alabama. Tennessee & Northern	411	223	278	228	205
Atl. & W. P.—W. R.R. of Ala.	968	811	854	1,837	1,562
Atlanta, Birmingham & Coast	880	683	637	1,051	713
Atlantic Coast Line	11,028	10,056	9,217	6,688	5,370
Central of Georgia	4,565	4,392	4,328	3,943	2,942
Charleston & Western Carolina	439	446	509	1,493	1,203
Clinchfield	1,841	1,318	1,374	2,738	1,983
Columbus & Greenville	376	252	531	397	305
Durham & Southern	217	172	191	514	376
Florida East Coast	454	425	447	970	755
Gainsville Midland	52	35	31	73	175
Georgia	1,226	1,061	1,073	1,987	1,692
Georgia & Florida	361	304	368	592	409
Gulf, Mobile & Ohio	4,483	3,328	*1,856	3,216	3,187
Illinois Central System	28,567	23,820	26,570	14,434	12,143
Louisville & Nashville	26,849	22,966	26,140	8,389	5,955
Macon, Dublin & Savannah	179	135	156	708	498
Mississippi Central	227	178	258	394	257
Nashville, Chattanooga & St. L.	3,570	3,033	3,092	3,272	2,806
Norfolk Southern	1,471	1,222	1,307	1,393	1,353
Piedmont Northern	516	400	461	1,453	1,047
Richmond Fred. & Potomac	449	391	369	5,016	3,361
Seaboard Air Line	9,950	9,026	8,803	6,447	4,438
Southern System	25,052	22,320	22,724	19,750	15,097
Tennessee Central	563	419	460	772	671
Winston-Salem Southbound	154	167	159	1,052	963
Total	124,848	107,583	114,088	88,807	69,466
Northwestern District—					
Chicago & North Western	23.628	22,761	21,574	13,505	11,432
Chicago Great Western	3,286	2,727	2,764	3,604	2,875
Chicago, Milw., St. P. & Pac.	24,431	22,287	22,257	9,849	8,675
Chicago, St. P., Minn. & Omaha	4,330	4,651	4,436	4,475	4,329
Duluth, Missabe & Iron Range	23,718	22,274	14,255	279	258
Duluth, South Shore & Atlantic	1,296	1,306	1.478	495	500
Elgin, Joliet & Eastern	10,606	9,513	7,711	9,887	7,042
Ft. Dodge, Des Moines & South	790	620	510	173	190
Great Northern	26,905	25,403	22,649	4,426	3,474
Green Bay & Western	636	550	679	776	624
Lake Superior & Ishpeming	2,244	3,465	3,366	92	72
Minneapolis & St. Louis	2,134	2,240	2,007	2,229	2,084
Minn., St. Paul & S. S. M.	8,346	9,034	8,417	3,291	2,866
Northern Pacific	12,274	12,152	11,318	4,903	3,642
Spokane International	182	317	243	379	293
Spokane, Portland & Seattle	2,841	2,272	1,907	1,425	1,961
Total	147,647	141,572	125,571	59,788	50,317
Central Western District—					
Atch. Top. & Santa Fe System	22,736	20,738	23,713	9,305	6,332
Alton	3,576	3,098	3,690	3,038	2,232
Bingham & Garfield	657	479	291	108	76
Chicago, Burlington & Quincy	18,991	16,168	17,955	11,010	9,089
Chicago & Illinois Midland	2,951	2,036	1,841	987	741
Chicago, Rock Island & Pacific	14,180	13,272	13,812	10.756	9,578
Chicago & Eastern Illinois	2,906	2,713	2,842	3,017	2,730
Colorado & Southern	883	727	938	1,796	1,416
Denver & Rio Grande Western	4,502	4,114	3,849	4,628	3,694
Denver & Salt Lake	1,010	908	912	27	20
Fort Worth & Denver City	1,006	931	1,160	1,225	963
Illinois Terminal	1,996	1,889	1,963	2,211	1,384
Missouri-Illinois	1,196	1,008	1,293	774	392
Nevada Northern	1,910	1,825	1,421	113	125
North Western Pacific	1,205	826	836	586	424
Peoria & Pekin Union	9	10	20	0	0
Southern Pacific (Pacific)	31,337	27,159	28,083	7,593	5,204
Toledo, Peoria & Western	372	381	389	1,637	1,299
Union Pacific System	18,623	15,864	17,516	12,932	10,259
Utah	535	483	609	7	14
Western Pacific	2,628	1,948	2,124	3,175	2,559
Total	133,209	116,577	125,257	74,925	58,531
Southwestern District—					
Burlington-Rock Island	159	137	201	188	237
Gulf Coast Lines	3,109	2,620	2,426	2,082	1,412
International-Great Northern	2,191	2,167	2,359	2,359	1,797
Kansas, Oklahoma & Gulf	214	202	319	1,105	881
Kansas City Southern	2,640	2,260	1,925	2,866	1,960
Louisiana & Arkansas	2,623	2,001	2,173	2,240	1,496
Litchfield & Madison	361	352	356	1,245	1,056
Midland Valley	955	602	783	246	219
Missouri & Arkansas	167	206	183	408	324
Missouri-Kansas-Texas Lines	4,646	4,739	5,385	3,937	2,901
Missouri Pacific	18,107	15,415	17,447	12,609	9,357
Quanah Acme & Pacific	130	103	94	162	96
St. Louis-San Francisco	9,561	7,885	9,022	5,854	4,683
St. Louis Southwestern	3,072	2,487	3,277	3,407	2,231
Texas & New Orleans	8,370	7,790	8,081	4,122	2,894
Texas & Pacific	4,190	4,012	4,835	4,815	3,510
Wichita Falls & Southern	114	139	196	61	41
Weatherford M. W. & N. W.	22	14	22	58	24
Total	60,631	53,131	59,084	47,764	35,119

Note—Previous year's figures revised. * Previous figures. x Gulf Mobile & Northern only.

Petroleum And Its Products

The gasoline shortage still exists on the East Coast and rationing will be continued by the Office of the Petroleum Coordinator, Harold L. Ickes declared in Washington this week. Statistics covering the September 13 period showing a sharper rate of decline in stocks than at the comparable period a year earlier were cited by the PCO head at his press conference. Mr. Ickes, however reiterated that the Government does not plan card rationing at this time, and it would not resort to such tactics except as a last resort.

The Eastern oil crisis is now "in the lap of time" and only the passing weeks "will tell the story." Mr. Ickes declared. The pledge of the oil companies to use all available railroad tank cars for the movement of crude oil and the railroads' assertions that they have plenty of "idle" tank cars for such movements will bring about a decision within a short time of the accuracy of the railroads' statements that they had sufficient tank cars, it was pointed out. Whether shipments of crude by rail reach the 200,000-barrel daily volume estimated by the roads remains to be seen, Mr. Ickes said.

Despite the refusal of the SPAB to grant steel priorities for the construction of the giant crude oil pipeline from the Texas-Louisiana producing fields to the Philalephia-New York refining area, the Federal Oil Co-ordinator's Office has not given up this project. The Priorities Division, while refusing priorities on the steel plates originally scheduled for the construction of the $80,000,000-pipeline, will permit the use of seamless steel tubing although this will take twice as much time as the steel plate construction job which is contrary to the Co-ordinator's program of quick relief for the shortage-threatened East Coast.

In response to a question as to whether or not he planned to appeal to President Roosevelt against the SPAB decision, Mr. Ickes said that he doubted that he would recourse to such action. He stressed however, that he probably would vigorously renew his request that the pipeline be constructed. Should he be unsuccessful, it is possible that curtailment of gasoline consumption would have to be much more than 15 per cent in the East Coast area, Mr. Ickes stated. The line originally was proposed under the Cole pipeline bill, which had the direct backing of President Roosevelt, so if Mr. Ickes makes a point of it with the White House, it might result in action to make the SPAB consider its flat refusal.

The companies operating the three or four pipelines running from the East to the Middle West area have been asked to reverse the flow and instead of pumping gasoline out of the former to pump crude oil in from the Middle West, Mr. Ickes disclosed. Unless the few companies still pumping gasoline out of the East into other areas reverse their flow, Mr. Ickes said, "we will take steps to see that they do it. We are trying to cooperate with the companies but I can be just as arbitrary as some of those outside the co-ordinator's office, if necessary."

The Petroleum Co-ordinator refused to comment upon the report of the Maloney Senate committee, which ruled that there was no actual shortage either of petroleum products or of transportation facilities to move them but rather a "shortage of surplus", saying that he had no intention of asking the Committee to hear him upon the subject since Deputy Co-ordinator Ralph K. Davies had made a "very good statement" in his appearances before the Committee. In response to questions as to whether or not further curtailment of gasoline supplies was likely in the East, Mr. Ickes said that while consumption had been cut down materially, should the pipeline project be checked, it might force further curtailment.

Acting to avert a possible oil shortage on the Pacific Coast because of the diversion of tankers to the East Coast earlier in the summer and later to the U. S.-Russia run, Mr. Ickes on September 22 formally recommended to the Industry Transportation Committee for this area that they act for more efficient utilization of existing tanker facilities and take such other action as may be necessary "to prevent an acute shortage of supplies." The formal recommendation followed the earlier sending of a telegram to the general industry chairman for the West Coast area, urging the industry to eliminate all possible waste practices in transportation methods and immediately press into service all possible transport facilities.

Although Mr. Ickes gave no figures on how many tankers had been moved from the West Coast area or on the statistics covering oil stocks there, he said that steps must be taken immediately to avert an actual shortage of petroleum products. "By moving in on this situation before it reaches the stage of an actual shortage, it is the hope of this office," he said, "that the Pacific Northwest and other coastal areas dependent upon tankers will be assured a continuing supply of products to the extent at least of their necessary minimum requirements." He added that the alternative would be "more drastic steps, such as the placing of curbs upon consumption."

More than 300 delegates to the annual convention of the National Petroleum Association in Atlantic City this week heard Deputy Pet-

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Petroleum And Its Products

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roleum Co-ordinator Ralph K. Davies criticize the industry for its "silence" during the recent disputes over gasoline shortages in the East Coast area as he told them that instead of letting the Office of the Petroleum Co-ordinator do all the talking, oil men should themselves tell the public of the facts and voice their support of the action taken by the PCO.

"A little more vocal participation and a little less profound silence would go a long way toward enlisting public support and dissipating distrust and suspicion," he said. "The abundance or lack of petroleum has tremendous repercussions in public opinion. You could hardly be unware of the agitation that has occurred in connection with the supply situation. Yet in the midst of this, the industry has been almost completely silent.

"With one or two exceptions—and those notable indeed—no one from the industry has stepped forward to confirm the many facts that all of us must recognize, but which yet seem dubious to the public. The industry has left it to the Office of the Petroleum Co-ordinator to do the talking for it. We can tell the facts—and we can reiterate the facts—but it certainly would have made an impression upon the public if the industry were to assume some responsibility in this direction."

Daily average market demand for crude oil during October will pass the 4,000,000-mark for the first time in the industry's history. The regular monthly market demand forecast of the United States Bureau of Mines this week estimated next month's average crude needs at 4,012,900 barrels, which is 52,900 barrels above the September estimate, and 11 per cent ahead of actual demand for crude oil in October last year.

For the second consecutive week, daily average crude oil production in the United States hit a new high when the total for the September 20 week rose 40,500 barrels to 4,074,200 barrels, according to the American Petroleum Institute. The September market demand estimate was 3,960,000 barrels, which meant the September 20 total was about 114,000 barrels above the indicated demand. Illinois, where new fields and more intensive drilling has brought this state's production up steadily in recent weeks. Kansas and Oklahoma showed the sharpest gain with California and Texas reporting lower totals. Stocks of domestic and foreign crude oil were off 1,364,000 barrels during the September 13 week, the Bureau of Mines report, to 246,164 000 barrels American crude stocks were off 1,673,000 barrels, but this was partiallv offset by a gain of 309,000 barrels in stocks of imported crude.

There were no crude oil price changes posted during the week.

Refined Products

The sustained improvement in domestic demand for gasoline, spurred by the broadened industrial activity in response to defense efforts, will continue in October with demand for next month set at 59,700,000 barrels in the regular monthly demand forecast of the United States Bureau of Mines, which is 11 per cent ahead of actual consumption in the comparable period a year ago.

Readjustment of allotments of gasoline in the East Coast to cope with special local conditions whereby demand for motor fuel has either expanded or contracted sharply was recommended by the Office of Petroleum Co-ordinator this week. East Coast suppliers were urged by the PCO to shift surpluses of motor fuel from one State or locality to another in

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Electric Output for Week Ended Sept. 20, 1941, Shows Gain of 16.7% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 20, 1941, was 3,232,192,000 kwh. The current week's output is 16.7% above the output of the corresponding week of 1940, when production totaled 2,769,346,000 kwh. The output for the week ended Sept. 13, 1941, was estimated to be 3,281,290,000 kwh., and increase of 18.3%, over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	*Week Ended Sept. 20, '41*	*Week Ended Sept. 13, '41*	*Week Ended Sept. 6, '41*	*Week Ended Aug. 30, '41*
New England	18.4	19.6	21.6	22.5
Middle Atlantic	14.2	16.1	16.1	16.0
Central Industrial	18.2	19.6	21.9	19.3
West Central	13.6	13.8	17.5	12.1
Southern States	22.6	27.1	27.4	24.8
Rocky Mountain	10.3	7.4	7.7	8.5
Pacific Coast	x10.7	x10.8	x10.8	x10.5
Total United States	16.7	18.3	19.4	17.8

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
May 3	2,914,882	2,503,899	+16.4	2,224,723	1,992,161	2,225,194
May 10	2,975,024	2,515,515	+18.3	2,238,826	2,019,065	2,242,421
May 17	2,982,715	2,550,071	+17.0	2,234,592	2,023,830	2,249,305
May 24	3,011,754	2,588,821	+16.3	2,277,749	2,030,754	2,251,995
May 31	2,924,460	2,477,689	+18.0	2,186,394	1,936,597	2,176,399
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,325	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,195,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,9 0
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27		2,816,358		2,558,538	2,207,942	2,331,415

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	----	11,616,238	---	10,185,255	9,170,375	10,036,410
August	----	11,924,381	---	10,785,902	9,801,770	10,308,884
September	----	11,484,529	---	10,653,197	9,486,866	9,908,314
October	----	12,474,727	---	11,289,617	9,844,519	10,065,805
November	----	12,213,543	---		195	9,506,495
December	----	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Steel Plant Operations Estimated at 97.5%

The "Iron Age" in its issue of Sept. 25 reported that reflecting the activity of steel plants, U. S. blast furnace consumption of iron ore in August reached a new record of 6,393,215 gross tons, bringing total consumption for 1941 through Sept. 1 to 48,681,413 gross tons, an unprecedented high mark. Winter ore reserves at U. S. furnaces have now been built up to 31,330,782 tons, compared with 27,333,285 tons a month earlier. Steel plant operations this week are estimated by the "Iron Age" at 97.5% of capacity, up a half point from last week's revised figure of 97%. The increase was due to stronger operating schedules in the Pittsburgh, Chicago, Philadelphia and Southern Ohio River areas. Some loss of steel was reported in a Kansas Citv plant where production was stopped temporarily because of a utility company strike.

In September steel orders taken by various producers have run from 30 to 45% below the volumes booked in August but even at this reduced rate new business has equaled shipments, resulting in no reductions in backlogs. An analysis of incoming business, most of which is either directly or indirectly for defense, suggests that steel consumers requiring material for non-essential uses can expect little or no steel, at least for a time. The volume of prioritv ratings issued by the OPM for steel uses indicates that soon all orders will be "rated tonnage."

Steel plates remain a problem although shipyards, both Naval and private, have ben for the most part cleared of charges that they are hoarding material. A check of private yards on the East Coast showed little piling up of material while the Navy Department has sent representatives on a tour of plate mills to speed production and rearrange schedules permitting shipments to yards where stocks are low. Meanwhile, the heavy volume of A-1-a preference ratings on such items as plates and shapes has pushed back delivery on other steel orders with lower preference ratings which, by a common sense yardstick, are just as important. For example: The OPM has insisted that more steel be used for freight car plates, which have an A-3 rating, during September and October than for other plate requirements with a higher rating. Such distribution difficulties will have to be settled by the OPM.

While steel plants and many hundreds of steel consumers are straining for still higher production, in answer to pleas like that of William S. Knudsen, OPM Director General, for overtime work for all, the strike still seems to be regarded as a luxury which the country can afford even in a defense plant. Up to Tuesday, (Sept. 23) of this week an outlaw strike of SWOC millwrights, machinists, boiler makers and welders has caused a full week's shutdown at Carnegie-Illinois Steel Corp.'s McDonald (Ohio) bar and sheet mills. Loss of production which cannot be made up, because the mills were previously working at capacity, is estimated at 26,000 tons of finished steel products. The dispute—one of those getting little publicity but which are quietly cutting away at the national defense program—started when some skilled workmen walked out in protest against the hiring of apprentices and stopped production on structural shapes, universal plates, strip steel, reinforcing bars, and other items which are greatly in demand for defense purposes.

Last week complete allocation was made of approximately 280,000 tons of steel for October and November delivery to the British. Of this amount approximately 50,000 tons was slabs; 60,000 tons billets, and about 150,000 tons ingots. Since the British are not accepting bessemer steel ingots, the furnishing of open hearth steel ingots for export will continue to affect production of American bar mills.

Almost one million tons of steel rails needed to replace wornout trackage in 1942 have either been ordered or allocated to various companies. This tonnage represents the greater portion of 1942 requirements. The mills are interpreting steel rails which are for specific replacement of wornout materials to come under the general classifications of repairs and maintenance and an A-10 rating is being assigned to such requirements. Reinforcing bar makers this week, remembering that their plants are running almost 100% for national defense, including munitions plants and other direct defense needs, reflected wide-eyed, on the 22,500 tons of concrete bars which is required by the War Department for construction of a new office building at Washington. Concrete bar makers have received inquiries in the past week for 80,000 tons of concrete bars to be used in construction of concrete barges. On the west coast, where concrete bar demand has been taxing all available facilities, the Bureau of Reclamation has been attempting to buy 8,000 tons of concrete bars for work at Odair, Wash.

This week's awards of reinforcing steel calls for 16,700 tons and include 6,000 tons at Azusa, Cal., for the Santa Fe Dam, 4,000 tons at Marion, Ill., for the Crab Orchard Ordnance Works, and 3,000 tons for a fleet operating base at San Pedro, Cal.

Fabricated structural steel awards total 32,900 tons, against 15,600 tons last week, and included 18,000 tons for four warehouses at Burns City, Ind. Other sizeable lettings were 3,500 tons for the Navy base at San Pedro, Cal., and 2,286 tons for a lift bridge at the Philadelphia Navy Yard.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Sept. 23, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		*Low*	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Sept. 23, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		*Low*	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	22.61	Sep 19	20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Sept. 23, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.29

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		*Low*	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Sept. 22, announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 96.8% of capacity for the week beginning Sept. 22, compared with figure of 96.1% one week ago, 96.5% one month ago and 92.5% one year ago. This represents an increase of 0.2 points, or 0.7%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—	
Oct 7	94.2%
Oct 14	94.4%
Oct 21	94.9%
Oct 28	95.7%
Nov 4	96.0%
Nov 11	96.1%
Nov 18	96.6%
Nov 25	96.6%
Dec 2	96.9%
Dec 9	96.0%
Dec 16	96.8%
Dec 23	80.8%
Dec 30	95.9%
1941—	
Jan 6	97.2%
Jan 13	98.5%
Jan 20	96.5%
Jan 27	97.1%
Feb 3	96.9%
Feb 10	97.1%
Feb 17	94.6%
Feb 24	96.3%
Mar 3	97.5%
Mar 10	98.8%
Mar 17	99.4%
Mar 24	99.8%
Mar 31	99.2%
Apr 7	99.3%
Apr 14	98.3%
Apr 21	96.0%
Apr 28	94.3%
May 5	96.8%
May 12	99.2%
May 19	99.9%
May 26	98.6%
Jun 2	99.2%
Jun 9	98.6%
Jun 16	99.0%
Jun 23	99.9%
Jun 30	x91.8%
Jly 7	x94.9%
Jly 14	x95.2%
Jly 21	x96.0%
Jly 28	x97.6%
Aug 4	x96.3%
Aug 11	x95.6%
Aug 18	x96.2%
Aug 25	x96.5%
Sep 2	x96.3%
Sep 8	96.9%
Sep 15	96.1%
Sep 22	96.8%

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets on September 22, stated:

Grave results are feared by the steel industry as a result of the scarcity of scrap, which is becoming more threatening each week. Such supplies as were obtained prior to Sept. 2, when ceiling prices were resumed, have been consumed and efforts to obtain further adequate supply while adhering to announced maximum prices have been unsuccessful.

While some foundries are evading the regulation in order to obtain material for continued operation, practically all steel mills are observing the schedule. Washington apparently believes the industry is not sincere in its complaint of restricted supplies because of prices being set too low. Some trade leaders take the position that the only reason some mills were not forced to shut down some time ago was that they had paid over the scale and thus obtained material to continue production. They believe strict compliance with the ruling will result in mill shutdowns. While some allocations may be made by the government this will not enlarge the supply but simply cause a change in distribution.

Steel buying in general has declined markedly, in some instances as much as 30% in recent days. Some users with orders on mill books far ahead see no need for further purchases, especially as deliveries are slow. Those without orders on books find little likelihood of delivery without priority. More and more nondefense manufacturers are obtaining defense work and with priority rating are in better position.

Plates are the heaviest burden on mills and even the highest ratings can command no better than three months from most mills and a month longer is required for the next highest priority. Occasionally a small lot may be placed for slightly better delivery. Plate shipments for shipbuilding are keeping up with needs. With new shipways being laid down need for plates will increase in coming months.

Refusal by OPM to give preference to some 180,000 tons of plates for a pipe line from Texas to New York relieves mills of a tremendous burden. The refusal is based on need for plates for shipbuilding and other mere pressing defense work. Proposal to use seamless tubing for the line is left open for further consideration.

Abuse of high blanket priorities granted to some industries is said to be more widely practiced by some subcontractors to obtain material in excess of requirements of their defense work.

Curtailment of automobile production in December to 51.6% of 396,823 units made last December will hold output to 204,848 cars. This will release considerable steel for other uses. However, the automotive industry in producing trucks, tanks and airplanes will require fully as much steel as in the past, probably more. Taking into consideration the 26.5% reduction for the first four months of the model year, the average cut will be 32.2% for the first five months.

Automobile output last week was 60,560 units, 7,395 greater than 53,165 the preceding week. This compares with 78,820 cars in the corresponding week last year.

Recent action by OPM on pig iron and warehouse steel has tended to bring a more orderly procedure and in large measure the industry believes conditions have been bettered. Such irregularities as remain probably will be lessened in succeeding months. Pig iron quotas were found satisfactory to most melters and in cases where requests for revision have been made relief has been granted. Larger warehouse allowance is expected to relieve mills of numerous small orders which constituted a nuisance by increasing roll changes.

Lake Superior iron ore consumption in August set a new alltime record at 6,534,424 gross tons and for the year to Sept. 1 another record at 49,712,949 tons. Ore at furnaces and docks Sept. 1 totaled 36,468,769 tons, compared with 32,934,665 tons a year ago.

Operations declined ½-point to 96% last week. Detroit advanced 1 point to 95% and Cleveland 2½ points to 94½. Pittsburgh declined 1 point to 98, Chicago 1 point to 100, Cincinnati 1 point to 88 and Wheeling 8 points to 86. Remaining rates were unchanged: Birmingham 95, St. Louis 98, Eastern Pennsylvania 95, Buffalo 90½, New England 90 and Youngstown 98.

Composites, under fixed prices, are unchanged: Finished steel, $56.60; iron and steel, $38.15; steelworks scrap, $19.16.

Although a decrease in steel ingot production for the week ended Sept. 22, was anticipated, due to a reduced schedule for the industry, and the strike at the by-products coke plant of the Carnegie-Illinois Steel Corp. (U. S. Steel) at Clairton, the compilation by Dow Jones & Co., Inc., shows an increase of ½ point for the week.

The gain is due entirely to an estimated increase of about 1½ points by subsidiaries of U. S. Steel. The Clairton strike resulted in closing down temporarily 44 open-hearth furnaces in the Pittsburgh area.

However, operations at other Steel Corporation units around Pittsburgh, not affected by a coke and gas shortage, and at mills outside the Pittsburgh district were expanded. In Chicago, for instance, output of U. S. Steel is placed at around 101%. This activity more than made up for the loss in the strike-affected plants.

For the industry as a whole output for the week is placed at 97½% of capacity, compared with 97% in the previous week and 96½% two weeks ago.

U. S. Steel is estimated at 98%, against 96½% in the week before and 98% two weeks ago.

Leading independents are credited with a shade under 97%, compared with 97½% in the preceding week and 97% two weeks ago.

The following table gives a comparison of the percentage of production with the nearest corresponding weeks of previous years, together with the approximate changes, in points, from the week immediately preceding:

	Industry	U. S. Steel	Independents
1941	97½ + ½	98 + 1½	97 — ½
1940	93½ + ½	96 + ½	92½ + ½
1939	80½ + 8½	76½ + 9	83½ + 8
1938	47½ + ½	42 — ½	52½ + 1½
1937	77 —4	76 —9	77½ — ½
1936	72½—1	70½ + ½	77½ + 1½
1935	51½ + ½	40	61½ + 1½
1934	24½ + 1½	22 + 1	26 + 2
1933	37½—2	37	38 —3½
1932	17½	17½	17½
1931	28 —1	31 —1	26½—1
1930	60	66 —1	56½ + ½
1929	85 + 3	89½ + 4	81 + 2
1928	85½ + ½	86 + 1	85
1927	65 + 1	68½ + 2	62

Weekly Coal And Coke Production Statistics

The U. S. Bureau of Mines reported that the estimated production of Pennsylvania anthracite for the week ended Sept. 13 amounted to 1,235,000 tons, an increase of 18,000 tons over the preceding week. In comparison with the output in the corresponding week of 1940, there was an increase of 178,000 tons.

The latest report of the Bituminous Coal Division, U. S. Department of the Interior showed that the total production of soft coal in the week ended Sept. 13 is estimated at 11,030,000 net tons, an increase of 1,397,000 tons over the holiday week preceding. Compared with an output of 10,975,000 tons in the last week of August, the increase is but 55,000 tons, or 0.5.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(In Thousands of Net Tons)

	Week Ended			Calendar Year to Date		
	Sept. 13 1941	Sept. 6 1941c	Sept. 14 1940	1941	1940	1929
Bituminous coal—a						
Total, incl. mine fuel	11,030	9,633	9,139	339,582	311,576	366,218
Daily average	1,838	1,927	1,523	1,580	1,433	1,675
Crude petroleum—b						
Coal equiv. of weekly output	6,461	6,111	5,842	220,710	219,421	162,753

(a) Includes for purposes of historical comparison and statistical convenience the production of lignite. (b) Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, page 702.) (c) Revised. (d) Sum of 37 weeks ended Sept. 13, 1941, and corresponding 37 weeks of 1940 and 1929.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (In Net Tons)

	Week Ended			Calendar Year to Date		
	Sept. 13 1941	Sept. 6 1941	Sept. 14 1940	1941	1940 a	1929 a
Penn. Anthracite—						
Total, incl. colliery fuel b	1,235,000	1,217,000	1,057,000	38,330,000	35,550,000	48,445,000
Comm'l prod'n c	1,173,000	1,156,000	1,004,000	36,419,000	33,773,000	44,957,000
Beehive Coke—						
U. S. total	126,700	135,600	69,100	4,245,500	1,590,000	4,854,800
Daily average	21,117	22,600	11,517	19,386	7,260	22,168

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State	Week Ended					Sept. average 1923e
	Sept. 6 1941	Aug. 30 1941	Sept. 7 1940	Sept. 9 1939	Sept. 7 1929	
Alaska	4	3	2	2	f	f
Alabama	154	366	243	215	305	406
Arkansas and Oklahoma	88	103	66	52	108	96
Colorado	135	141	113	103	137	214
Georgia and North Carolina	1	1	*	*	f	f
Illinois	910	1,070	808	717	954	1,587
Indiana	431	472	317	260	291	550
Iowa	28	34	44	48	59	117
Kansas and Missouri	140	146	106	108	113	168
Kentucky—Eastern	867	936	671	805	912	713
Western	180	230	130	123	255	248
Maryland	33	37	20	24	39	40
Michigan	8	8	7	4	15	27
Montana	62	67	44	47	63	68
New Mexico	20	18	15	16	41	56
North and South Dakota	27	28	22	28	f 27	f 27
Ohio	583	680	389	373	420	861
Pennsylvania bituminous	2,452	2,710	2,047	1,855	2,525	3,585
Tennessee	131	141	113	107	107	119
Texas	9	8	12	18	22	26
Utah	90	93	67	65	83	103
Virginia	365	415	252	282	250	245
Washington	31	34	31	34	38	58
West Virginia—Southern a	2,003	2,256	1,768	1,841	1,971	1,474
Northern b	750	841	560	548	657	857
Wyoming	130	135	106	110	112	165
Other Western States c	1	2	1	*	f 5	f 4
Total bituminous coal	9,633	10,975	7,954	7,785	9,509	11,814
Pennsylvania anthracite d	1,217	1,233	837	832	1,218	714
Total, all coal	10,850	12,208	8,791	8,617	10,727	12,528

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

ESTIMATED PRODUCTION OF COAL, BY STATES, IN JULY, WITH TOTAL OUTPUT FOR FIRST SEVEN MONTHS OF 1941, 1940, AND 1937, IN THOUSANDS OF NET TONS

(Figures are preliminary estimates based on railroad carloadings and river shipments of coal and beehive coke, supplemented by direct reports from a number of mining companies, local coal operators' associations, and detailed monthly production statistics compiled by the State Mine Departments of Colorado, Illinois, Pennsylvania, Washington, and West Virginia. In making the estimates, allowance is made for commercial truck shipments, local sales, and colliery fuel, and for small trucking mines producing over 1,000 tons a year.

The estimates here given are based upon the latest information available, and differ in some cases from the current figures previously published in the Weekly Coal Report.)

	July, 1941	% of total	June 1941	July 1940	Calendar year to end of July 1941	1940	1937
Alaska	16	.04	14	9	103	80	73
Alabama	1,380	3.17	1,463	1,185	8,465	8,794	6,923
Arkansas and Oklahoma	185	.42	67	164	1,400	1,429	1,287
Colorado	446	1.02	382	310	3,548	3,384	3,909
Georgia and North Carolina	3	.01	3	2	22	19	5
Illinois	4,520	10.39	3,815	3,077	29,189	27,519	28,417
Indiana	1,674	3.85	1,635	1,175	11,819	10,316	9,833
Iowa	140	.32	140	174	1,388	1,611	1,925
Kansas and Missouri	510	1.17	452	377	4,099	3,716	3,795
Kentucky:							
Eastern	3,832	8.81	3,910	3,450	22,187	23,406	21,862
Western	842	1.94	723	535	6,897	5,017	4,622
Maryland	150	.34	155	98	936	867	887
Michigan	8	.02	13	10	207	242	297
Montana	238	.55	200	198	1,686	1,555	1,550
New Mexico	90	.21	93	82	659	634	1,050
North and South Dakota	87	.20	92	76	1,112	1,035	1,127
Ohio	2,625	6.03	2,565	1,942	15,027	12,838	14,643
Pennsylvania bituminous	10,840	24.92	11,040	9,449	66,297	61,813	67,391
Tennessee	585	1.34	602	470	3,624	3,596	2,928
Texas	30	.07	31	52	217	452	487
Utah	238	.55	206	202	1,856	1,622	2,057
Virginia	1,640	3.77	1,642	1,265	9,498	8,695	7,697
Washington	120	.28	126	118	997	891	1,168
West Virginia:							
Southern a	9,513	7.63	9,600	8,454	54,516	55,153	51,997
Northern b	3,320	21.87	3,435	2,620	19,896	17,830	17,590
Wyoming	465	1.07	368	396	3,241	2,953	3,162
Other Western States c	3	.01	2	*	16	6	8
Total bituminous	43,500	100.00	42,774	35,890	268,902	255,473	256,690
Pennsylvania anthracite d	4,681	----	4,891	4,534	30,632	30,261	31,225
Total, all coal	48,181	----	47,665	40,424	299,534	285,734	287,915

(a) Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. (b) Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. (c) Includes Arizona, California, Idaho, Nevada, and Oregon. (d) Data for Pennsylvania anthracite from published records of the Bureau of Mines. * Less than 1,000 tons.

Petroleum And Its Products

(Continued from Page 310)

order to assure even distribution to meet regional demands.

It was pointed out in the PCO recommendation that certain areas in the East Coast region have seasonal peaks due to vacation demands at resort points which means high mid-summer demand and low Fall demand, in contrast to far mareas where the summer demand is low and Fall, when crop movements start, demand is sharply higher. Also, the PCO pointed out that defense activities in some regions where construction and military needs are high make readjustments necessary.

The recommendation also authorized gasoline distributors to correct inequitable quotas of gasoline for filling stations and retailers which were brought about but subnormal deliveries for July, the month upon which their September quotas are based. This is to correct the conditions arising in many cities where service stations and retailers, who normally have their lowest demand during summer, were faced with Fall deliveries based upon the year's low deliveries.

Stocks of finished, unfinished and aviation motor fuel showed a small decline during the September 20, reflecting the sharp expansion in production of gasoline during the period. Holdings were off only 356,000 barrels to 80,199,000 barrels. East Coast inventories were up 156,000 barrels to 19,300,000 barrels for the period ended September 20. Gasoline prodcution showed a jump of 571,000 barrels, rising to 14,031,000 barrels for the period. Residual fuel oil stocks showed a contra-seasonal drop of 748,000 barrels, with gas oil and distillate stocks up 1,636,000 barrels.

Increased production of 100-octane aviation gasoline was asked of the industry at the National Petroleum Association convention in Atlantic City this week by W. W. Gary, director of refining in the Office of the Petroleum Coordinator. "The battle of democracy is being fought on many fronts and on all of these fronts 100-octane gasoline must be supplied by our own refinery industry," he said.

Some oil men interpreted Mr. Gary's statement that "the need for some sort of financial protection to the refiner against loss of investment is recognized, and plans are being considered with this difficulty very definitely in mind" as a hint of possible government subsidy for the 100-octane aviation gasoline. While broader priority assistance is to be granted the refining industry for necessary repairs and construction, he said, new building should be limited to that absolutely necessary.

There were no gasoline price changes this week.

Moody's Commodily Index Down Sharply

Moody's Daily Commodity Index continued to decline from the peak of 219.9 two weeks ago. It closed this Tuesday at 214.3, as compared with 217.5 a week ago. The principal individual losses were in cotton, hogs and wheat.

The movement of the index has been as follows

Tuesday, September 16	217.5
Wednesday, " 17	217.8
Thursday, " 18	217.6
Friday, " 18	216.4
Saturday, " 20	215.6
Monday, " 22	214.3
Tuesday, " 23	214.3
Two weeks ago, Sept. 9	219.9
Month ago, Aug. 23	212.9
Year ago, Sept. 23	158.0
1940 High, Dec. 31	171.8
Low, Aug. 16	149.3
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6

Non-Ferrous Metals—Move to Raise Zinc Price Abandoned—October Lead Allocations Set

"Metal and mineral markets" in its issue of Sept. 25 reported that nothing was done during the last week about raising the price of zinc, but the industry feels that the question has not been dropped. The zinc pool for October will be continued at 27% of production. Lead allocations for October will be announced in time to remove confusion among consumers. In copper, the industry is awaiting news on settlement of the Chilean contract now up for renewal. General Metals Order No. 1 was revoked Sept. 23, but termination of the order, it was explained, does not lift inventory restrictions, as control is retained through Priorities Regulation No. 1. issued August 27, 1941. The publication further reported:

Copper

Washington advices state that the Metals Reserve Co. has 231,254 tons of foreign copper on order, including 195,800 tons for which purchase contract has not yet been executed. Most of the details in connection with renewing the contract with Chilean producers have been worked out and the deal will be closed as soon as authorities in Chile ratify the agreement, according to reports here.

Sales of copper in the domestic market during the last week involved 22,037 tons, making the total for the month to date 82.500 tons. The quotation continued at 12c.. Valley. Bonded copper sold at 11c., f.a.s. basis.

Imports of copper during July, with comparable figures for the same month last year, in tons, were as follows:

	July 1940	July 1941
Copper in:		
Ore and concentrate	13,583	5,309
Regulus, etc.	3,431	5,832
Unrefined	25,341	12,115
Refined	16,548	37,279
Totals	58,903	60,535

July exports of refined copper amounted to 6 926 tons, against 20,022 tons in July last year.

Lead

At a meeting held in Washington on Tuesday, Sept. 23, the subject of lead allocations for October was reviewed and the quantities to be released were virtually agreed upon. This means that instructions for shipping October requirements will go out on time to avert all confusion. Sales of common lead for the week, excluding foreign pig lead, amounted to 4,034 tons. Quotations continued at 5 85c., New York, and 5.70c., St. Louis.

The August statistics for lead refined in this country showed that stocks were reduced to 15,330 tons. A month previous stocks amounted to 19,172 tons, a year to 43.321 tons, and two years ago to 117 935 tons. Domestic shipments of 55 005 tons, plus 28,000 tons of foreign pig lead released by Metals Reserve, accounted for a total of 83,000 tons that was moved to consumers under August allotments.

The cable industry stands out as a heavy consumer of lead this year. During the first eight months of 1941, cable makers took 106,257 tons of lead from domestic refineries, against 58,485 tons in the same period last year.

Zinc

When it became known that the authorities in Washington wanted to study the price situation in zinc closely before an upward revision in the present informal schedule would be sanctioned, those producers who had it in mind to raise the quotation abandoned the move temporarily. With costs rising (chiefly labor) and Tri-State producers reported to be dissatisfied with the $48.58 per ton basis for concentrate, the feeling prevails that some revision in zinc prices is in order. The quotation for Prime Western held at 7¼c., St. Louis. Sales of common zinc for last week amounted to 7 321 tons, with shipments of 6,307 tons. The backlog was 61,638 tons.

Tin

The Singapore tin market finally weakened, the price going off yesterday £2 9s. 6d. However, aside from easing the tension here, the price situation underwent no change, Straits holding at 52c. for all positions. Demand for spot and nearby tin was fair most of the week. Imports of pig tin during July amounted to 14,765 long tons, against 11,552 tons in June. Tin concentrate imported during July contained 1,520 tons of tin.

Straits tin for future arrival was as follows:

	Sept.	Oct.	Nov.	Dec.
Sept. 18	52,000	52,000	52,000	52,000
Sept. 19	52,000	52,000	52,000	52,000
Sept. 20	52,000	52,000	52,000	52,000
Sept. 22	52,000	52,000	52,000	52,000
Sept. 23	52,000	52,000	52,000	52,000
Sept. 24	52,000	52,000	52,000	52,000

Chinese tin, 99 per cent, spot, was nominally as follows: Sept. 18th, 51.125c.; 19th, 51.125c.; 20th, 51.125c.; 22d, 51.125c.; 23d, 51.125c.; 24th, 51.125c.

Aluminum

The Aluminum Company of America announced last week that the price reduction on aluminum, which established the quotation at 15c. a pound effective Oct. 1, will include the extension of additional transportation allowances on shipments of ingot and certain basic fabricated products to destinations west of the Mississippi River.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	—Electrolytic Copper—		Straits Tin,	—Lead—		Zinc
Sept.	Dom., Refy.	Exp., Refy.	New York	New York	St. Louis	St. Louis
18	11.775	10.950	52.000	5.85	5.70	7.25
19	11.775	10.950	52.000	5.85	5.70	7.25
20	11.775	10.950	52.000	5.85	5.70	7.25
22	11.775	10.950	52.000	5.85	5.70	7.25
23	11.775	10.950	52.000	5.85	5.70	7.25
24	11.775	10.950	52.000	5.85	5.70	7.25
Average	11.775	10.950	52.000	5.85	5.70	7.25

Average prices for calendar week ended Sept. 20 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery 10.950c.; Straits tin, 52.000c.; New York lead, 5.850c.; St. Louis lead, 5.700c.; St. Louis zinc, 7.250c.; and silver, 34.750c.

The above quotations are "M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to the European War, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage, etc.) to arrive at the f.o.b. refinery quotation.

Due to the European war the usual table of daily London prices is not available. Prices on standard tin, the only prices given, however, are as follows: Sept. 18, spot, £256 three months, £259¼; Sept. 19, spot, £256, three months, $259¼; Sept. 22, spot, £256¼, three months, £259½; Sept. 23, spot, £256, three months; £259¼; and Sept. 24, spot, £255¾, three months, £259¼.

Fertilizer Association Commodity Price Index Drops Slightly Below High Level Week Ago

The weekly wholesale commodity price index compiled by The National Fertilizer Association preceded fractionally last week after advancing for ten consecutive weeks, it was announced Sept. 22. In the week ended September 20 this index declined to 116.7 from 116.8 in the preceding week. It was 114.1 a month ago and 96.4 a year ago, based on the 1935-1939 average as 100. Since the first of January 1941 there has been a 16.5 per cent increase in the index. An announcement issued by the Association also said:

> Decreases in the food and farm product price indexes were responsible for the slight drop in the all-commodity index last week. Although milk, oranges, certain canned goods, tea, and some vegetable oils advanced in price, declines principally in tomatoes, potatoes, meats, cocoa, lard, and cottonseed oil were sufficient to cause a drop in the food group average. In the farm product group decreases in cotton and grains more than offset increases in livestock quotations; the net result was a small recession in the farm product index. Cotton was the only item included in the textile index to decline, whereas seven items increased in price causing a moderate upturn in the textile average. The building material price index rose due to higher prices for glass and linseed oil. An advance in the farm machinery index took it up to the level reached in April. Other indexes to advance during the week were those representing the prices of chemicals and drugs, fertilizer materials, and miscellaneous commodities.
>
> During the week 37 price series included in the index advanced and 21 declined; in the preceding week there were 40 advances and 6 declines; in the second preceding week there were 34 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Sep. 20, 1941	Preceding Week Sep. 13, 1941	Month Ago Aug. 16, 1941	Year Ago Sep. 21, 1940
25.3	Foods	113.2	113.3	109.5	90.9
	Fats and Oils	129.8	130.6	116.8	64.8
	Cottonseed Oil	157.9	159.6	134.5	62.9
23.0	Farm Products	120.5	120.8	115.4	85.2
	Cotton	165.2	168.0	139.7	87.8
	Grains	110.0	112.0	102.6	78.7
	Livestock	114.3	113.9	111.8	85.3
17.3	Fuels	110.8	110.8	111.0	101.4
10.8	Miscellaneous Commodities	126.3	126.2	122.1	110.0
8.2	Textiles	139.5	138.8	139.6	101.9
7.1	Metals	103.8	103.8	103.9	101.9
6.1	Building Materials	123.5	123.4r	120.4	105.6
1.3	Chemicals and Drugs	107.6	107.5	106.2	103.7
.3	Fertilizer Materials	114.2	113.6	112.7	101.9
.3	Fertilizers	107.1	107.1	106.4	103.0
.3	Farm Machinery	99.7	99.3	99.3	99.3
100.0	All Groups Combined	116.7	116.8	114.1	96.4

* Base period changed January 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Sept. 20, 1941, 90.9; Sept. 13, 1941, 91.0; Sept. 21, 1940, 75.1.

r—Revised

Lumber Movement For Week Ended Sept. 13

Lumber production during the week ended Sept. 13, 1941, was 14% greater than the previous holiday week; shipments were 10% greater; new business 25% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 3% below production; new orders 13% below production. Compared with the corresponding week of 1940 production was 10% greater, shipments 3 percent greater, and new business 22 percent less. The industry stood at 124% of the average of production in the corresponding week of 1935-39 and 127% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the 37 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 16% above the shipments and new orders were 12% above the orders of the 1940 period. For the 37 weeks of 1941 to date, new business was 7% above production, and shipments were 6 percent above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 38% on Sept. 13, 1941, compared with 31% a year ago. Unfilled orders were 4% greater than a year ago; gross stocks were 15% less.

Stofwoods and Hardwoods

Record for the current week ended Sept. 13, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods		
	1941 Week	1940 Week	1941 Prev. Week (Rev.)
Mills	459	459	474
Production	287,193	261,090	250,885
Shipments	278,172	271,369	252,279
Orders	248,463	319,513	198,562

	Softwoods 1941 Week		Hardwoods 1941 Week	
Mills	384		89	
Production	277,513	100%	9,680	100%
Shipments	266,159	96	12,013	124
Orders	236,321	85	12,142	125

On The Foreign Front

Caution was the prevailing note on European stock markets during the weekly period ended yesterday, with the war news providing the principal occasion for activities in stocks and bonds. Local developments also played a part, however, and were generally viewed with more favor than the trend of the military campaigns. Dealings were modest throughout.

European Stock Markets

The London Stock Exchange was steady in the final sessions of last week, but developed an easy tone when the fall of Kiev was announced and conceded. All groups of issues were soft for a time, but a steady trend quickly was restored. Shipping stocks were better than others, on the nostalgic news that Cunard-White Star is repaying its debt to the British Government for construction of the Queen Mary and Queen Elizabeth.

Only fragmentary reports were available as to trends and dealings on the Continental markets, but these indicate little change in conditions. The Berlin Boerse was inactive. At Amsterdam an uncertain tone prevailed late last week, but sharp gains were noted in the first half of this week, obviously on a basis of flight from the currency.

Neutrality Act

Administration spokesmen made it clear this week that the Neutrality Act is the next item on the agenda of President Roosevelt in his sweeping drive of the United States toward all-out participation in the European war. All pretense of neutrality has, of course, long since been abandoned. The nation nevertheless appears to be opposed to warfare on a scale that might require another expeditionary force, and the neutrality legislation seems to be an important obstacle to such intervention. Whether it will go or not depends upon a Congressional fight which possibly will mark the last stand of the national Legislature in more senses than one.

International incidents are being exaggerated in every conceivable way, to produce somewhat more of a war spirit than has been evinced by the country. The Panamanian freighter Pink Star, owned by the United States, was revealed by the State Department, Monday, as having been sunk the preceding Friday southwest of Iceland. No Americans were aboard the former Danish ship, whic hwas among those seized by the United States Government, but some of the crew members appear to have lost their lives, for only 23 survivors are reported out of the 34 on the Pink Star.

President Roosevelt disclosed at a press conference, Tuesday, that the Pink Star not only was armed, but was escorted by Canadian warships, on her voyage to Iceland with a general cargo. He nevertheless made the incident the occasion for another attack upon those who, according to the President, are attempting to dominate the globe. And Mr. Roosevelt also remarked that the United States is veering toward a policy of arming merchant ships, not only of this nation, but of all ships of registry in the Americas. Repeal or change of the neutrality law would be one of the intermediate steps, the President indicated, but he also hinted at arming of merchant ships despite that law, which specifically prohibits such action.

That the Administration was about to take up changes of the neutrality legislation, and perhaps outright repeal, was made clear through the start of a campaign by Cabinet members, much in the fashion that other vast changes in policy have been heralded. Secretary of State Cordell Hull said on Monday that he favored drastic modification of the law. Secretary of the Navy Frank Knox chimed in on Tuesday with a demand that we "waste no time in repealing the neutrality act." Mr. Roosevelt's own comments followed late the same day, which suggests that the Administration is in a desperate hurry.

Aid to Russia

Added costs and fresh commitments now are proposed in the lend-lease program adopted by Cognress early this year on Administration assurances that lend-lease would spare this country the horrors of war. The costs are frightening enough, for President Roosevelt suggested in a letter to Speaker Rayburn, of the House, on Sept. 18, that $5,985,000,000 of appropriations be added to the $7,000,000,000 already authorized under the program. Equally striking was the wording of the letter in a manner that would make Russia eligible for lend-lease aid.

There is general agreement in Washington that the appropria-

Labor Bureau's Wholesale Price Index Up; Foodstuffs & Chemicals Show Greatest Gain

With continued broad gains in wholesale markets for domestic agricultural commodities and sharp increases in prices for certain chemicals, the Bureau of Labor Statistics' comprehensive index of approximately 900 price series rose further by 0.7% during the week ended Sept. 13, Acting Commissioner Hinrichs reported on Sept. 18. The present level, at 91.6% of the 1926 average, is 2.2% above a month ago and 17.6% above a year ago.

The Bureau's announcement further reported:

Average wholesale prices for farm products rose 2.8% during the week and are 37% higher than at this time last year. Substantially higher prices were reported for grains, cotton and livestock and for fruits and vegetables. Barley advanced 14% during the week and oats were up 13%. Prices for foodstuffs in wholesale markets continued to rise. With the gain of 0.6% in the past week, the average of food prices is 25% higher than it was a year ago. Most cereal products advanced and prices were also higher for dried and fresh fruits, for veal and dressed poultry, and for cocoa beans, lard, edible tallow, vegetable oils and pepper. Average wholesale prices of cattle feed advanced nearly 8%. Raw sugar prices declined during the week with the first acceptance of bids by Cuban producers on an increased quota allotment at the official ceiling price established by OPA.

In the industrial commodity markets there were marked advances in prices for chemicals, such as glycerine, up 39% during the week, and chlorine, up 14%. Prices were also higher for fatty acids and for cream of tartar, logwood extract and for certain fertilizer materials. Cotton textiles, particularly denim, duck and cotton flannel, continued to advance.

Lower prices for yellow pine lumber resulted in a decline of 1.2% in the average price for lumber. However, quotations were higher for maple and oak flooring and for paint materials such as tung oil, rosin and turpentine. Prices for industrial fats and oils rose 3.6% during the week, and are now 125% higher than they were a year ago.

Higher prices were reported for carpets, glassware and for furniture.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 16, 1941 and for Sept. 14, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Sept. 6 to Sept. 13, 1941.

(1926 = 100)

Commodity groups	9-13 1941	9-6 1941	8-30 1941	8-16 1941	9-14 1940	Percentage changes to Sept. 13, 1941 from 9-6 1941	8-16 1941	9-14 1940
All commodities	**91.6**	**91.0**	**90.6**	**89.6**	**77.9**	**+0.7**	**+2.2**	**+17.6**
Farm products	91.6	89.1	88.6	86.4	66.8	+2.8	+6.0	+37.1
Foods	89.1	88.6	88.2	86.7	71.3	+0.6	+2.8	+25.0
Hides and leather products	111.4	111.2	110.9	110.2	98.6	+0.2	+1.1	+13.0
Textile products	88.7	88.3	87.6	87.4	71.9	+0.5	+1.5	+23.4
Fuel and lighting materials	80.0	79.9	79.8	79.5	71.8	+0.1	+0.6	+11.4
Metals and metal products	98.7	98.7	98.7	98.7	95.3	0	0	+ 3.6
Building materials	105.9	106.0	105.7	104.8	95.0	—0.1	+1.0	+11.5
Chemicals and allied products	87.3	86.0	85.8	85.9	76.8	+1.5	+1.5	+13.7
Housefurnishing goods	97.9	97.1	96.9	96.4	90.0	+0.8	+1.6	+ 8.8
Miscellaneous commodities	84.9	84.5	84.1	83.1	76.3	+0.5	+2.2	+11.3
Raw materials	90.0	88.5	88.1	86.7	70.5	+1.7	+3.8	+27.7
Semimanufactured articles	89.9	90.0	89.7	89.5	77.4	—0.1	+0.4	+16.1
Manufactured products	93.0	92.6	92.2	91.3	81.8	+0.4	+1.9	+13.7
All commodities other than farm products	91.7	91.4	91.0	90.3	80.3	+0.3	+1.6	+14.2
All commodities other than farm products and foods	91.6	91.4	91.1	90.7	82.5	+0.2	+1.0	+11.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 6 TO SEPT. 13, 1941

Increases

Cattle feed	7.9	Other building materials	0.6
Grains	6.8	Chemicals	0.6
Drugs and pharmaceuticals	5.0	Clothing	0.5
Oils and fats	3.6	Other textile products	0.5
Livestock and poultry	2.3	Dairy products	0.4
Other leather products	2.1	Agricultural implements	0.3
Other farm products	2.0	Brick and tile	0.3
Fruits and vegetables	1.4	Hosiery and underwear	0.2
Fertilizer materials	1.3	Bituminous coal	0.2
Cereal products	1.2	Petroleum products	0.2
Furnishings	1.1	Paint and paint materials	0.2
Cotton goods	1.0	Meats	0.1
Other foods	0.8	Other miscellaneous	0.1
Furniture	0.7		

Decreases

Rubber, crude	1.7	Hides and skins	0.6
Lumber	1.2		

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in *world* production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock producis, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Sept. 22 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	143	157	138	127	123	156	---	138
1941— Weeks end.:										
Aug. 2	r135	120	142	157	138	r127	123	156	194	137
Aug. 9	r135	120	142	r157	137	r126	123	156	*194	r138
Aug. 16	137	120	142	r157	138	127	123	156	---	137
Aug. 23	138	r121	143	*157	139	128	123	156	---	139
Aug. 30	138	121	143	*154	138	127	123	156	---	140
Sept. 6	138	122	144	*155	138	128	123	156	---	141
Sept. 13	138	*122	146	*156	137	130	123	156	---	144

* Preliminary. r Revised

Bank Debits Up 32% From Last Year

Bank debits as reported by banks in leading centers for the week ended September 17 aggregated $11,664,000,000. Total debits during the 13 weeks ended September 17 amounted to $130,225,000,000, or 29 per cent above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 26 per cent compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 31 per cent.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District	Week Ended Sept. 17 1941	Sept. 18, 1940	13 Weeks Ended Sept. 17 1941	Sept. 18, 1940
Boston	621	514	7,197	5,695
New York	4,687	3,438	51,457	40,820
Philadelphia	611	458	7,324	5,388
Cleveland	866	668	9,686	7,389
Richmond	465	347	5,219	3,933
Atlanta	365	279	4,252	3,122
Chicago	1,748	1,287	19,965	14,864
St. Louis	372	263	4,088	3,015
Minneapolis	236	176	2,578	2,058
Kansas City	387	303	4,312	3,383
Dallas	304	238	3,299	2,487
San Francisco	1,003	814	10,848	8,601
Total, 274 reporting centers	11,664	8,786	130,225	100,758
New York City *	4,304	3,111	46,736	36,947
140 Other leading centers *	6,357	4,884	72,205	54,980
133 Other centers	1,003	791	11,285	8,830

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tion will be voted over whatever modest opposition may develop. Whether the assistance to Russia will be acceptable, however, is another matter, and one on which a fight assuredly will develop. Most observers in this country can see little difference between the State Socialism of Russia or Germany, save in the sense that Communism is more insidious in its aggressive penetration, and Naziism more brazen and military.

Along with many other incidents, the newest turn in the lend-lease program appears to reflect grave concern in the highest circles regarding continuance of the Russian military resistance. Officials in Washington, London and Moscow obviously are in agreement that the Russian case is becoming desperate and more than one suggestion already has appeared that the Communists might make a separate peace with the Reich. This brings up most pointedly the question whether materials now being shipped to Russia might not fall eventually into the hands of the German Nazis. The debate on the President's proposal doubtless will hinge in good part on that possibility.

The newest development in the lend-lease plan followed by only a few days the second report to Congress, which stated that almost the entire original appropriation of $7,000,000,000 has been allocated, although only a remarkably modest amount of materials so far has actually been shipped under lend-lease. Basing his request on plans for spending $6,280,000,000 of the first appropriation, Mr. Roosevelt asked Congress to appropriate another $5,985,000,000, raising the total to the rather impressive sum of $12,985,000,000. Accompanying the request was a lengthy schedule of proposed expenditures for actual war materials, agricultural products, services and other items.

Acting in his capacity of Federal Loan Administrator, Jesse H. Jones last week made it known at the request of President Roosevelt, up to $100,000,000 of Russian manganese, chromite, asbestos and platinum would be purchased by the Defense Supplies Corp. from the Amtorg Trading Corp. which is the official Russian agency in the United States for trade between the two countries. The Defense Supplies Corp., which is an operating agency of the Reconstruction Finance Corp., agreed to advance Amtorg Trading Corp. $50,000,000 before delivrey, which makes it clear that this is largely a device for assisting Russia.

Also indicative is an announcement by Secretary of the Treasury Henry Morgenthau, Jr., on Sept. 18, that a loan of $10,000,000 had been extended to Russia by the Treasury on Aug. 15, against future deliveries of gold. This advance, it was indicated, would take care of outstanding commitments of Amtorg Trading Corp., and would not necessarily finance the purchase of war materials.

This suggests another aspect of lend-lease aid to Russia which, it is to be hoped, will receive due attention as Congress debates the appropriation asked by Mr. Roosevelt. Russia, according to estimates by experts, holds some $1,500,000,000 or more of gold, which was accumulated as a "war chest." There seems to be every reason to expect Russia to pay for war supplies, up to the limit of acceptable resources, in accordance with the precedent established in the case of Great Britain. The British Government, it will be recalled, received lend-lease aid only after a real or alleged exhaustion of means of payment, and it is obvious that the Russian means of payment have not yet been tapped.

In London and Washington, meanwhile, the utmost concern was expressed regarding the need for getting material assistance to Russia in a hurry. American airplanes already are said to have been delivered to the Moscow authorities in considerable numbers, and the British Government also is sending fighting aircraft to Russia. Such deliveries probably have been made by air. The Russian ports of entry for sea-borne supplies seem to be in question, however, save for the inadequate route through Persia. Some American supplies have reached Russia through Vladivostok, which port can be closed easily by the Japanese, if they so desire. A shipment was reported on Monday to have reached Russia through the White Sea, but that ingress will be uncertain as cold weather appears.

Protracted conferences in London between the official British and American missions to Moscow were terminated last Saturday, and the groups headed by Lord Beaverbrook, and W. Averill Harriman thereupon departed for the Russian capital. The missions were reported on Russian soil by Monday. Agreement is said to exist as to the need for sending to Russia the virtually unlimited requirements of that country for war materials, but the missions possibly will find more difficult the procurement of such supplies and the transportation thereof to the Soviet Union.

Russian Campaigns

Tidings of the war in Russia assumed an ever graver aspect as that vast conflict moved into its fourth month, and discussion frankly centered this week around the possibility of a separate Russian peace with the Nazi Reich. The battle of the communiques tended, to some degree, to obscure the actual military developments. These suggest a modest yielding by the Nazis in the center, around Smolensk, but smashing attacks against Leningrad and a German advance into the eastern Ukraine which bids fair to place that entire province under dominance of he Reich.

The Germans reported tremendous victories almost every day, but the Russians also were able to advance some well substantiated claims to military successes. The Soviet forces attacked the Germans fiercely in the advanced sector beyond Smolensk, and foreign military observers finally were permitted to observe the course of this battle. The reports agree that the Nazis were driven back, after suffering severe losses. It also appeared that the terrain now is a sea of mud, with rain falling steadily, and all communications difficult. German spokesmen admitted the Russian attacks, but claimed that the Red Army had been beaten off.

Apart from this move in the center of the 1,600 mile front, all significant battles seemed to run in favor of the Nazis, who issued a long series of special bulletins on the Ukraine. Capture of the key city of Kiev was claimed by the Germans, last Friday, and after a Soviet denial on Saturday, the Russians admitted the loss of Kiev on Sunday. It would seem, moreover, that the Russians were unable to place in effect their "scorched earth" policy at Kiev, owing to a hasty retreat, made necessary by a German pincers movement far to the east of that ancient Russian city.

When they announced the capture of Kiev, the Germans also claimed on Sept. 19 that a huge pocket had been formed east of the Ukrainian capital six days earlier, with vast Russian armies trapped in the encirclement. The capture of Poltava, only 75 miles southwest of Kharkov, also was announced by the Germans, and the latest move thus revealed as a sharp drive deep into the Donets Basin industrial area of Russia. The Nazis also moved across the

(*Continued on Page* 316)

Living Cost Shows Sharp Rise in Large Cities Up 0.8% From Mid-July to Mid-August

Living costs in large cities increased further by 0.8% from mid-July to mid-August, Secretary of Labor Perkins reported on Sept. 17. "The cost of living index of the Bureau of Labor Statistics for Aug. 15, at 106.0% of the 1935-39 average, is now 7.5% higher than when war broke out in Europe two years ago," she said. "Of this increase, over 5% has come since the beginning of 1941. During the past month, food and clothing costs showed the greatest advance, but rents, coal, housefurnishings, automobile tires and tubes have also been advancing in all parts of the country."

The Labor Department's announcement further said:

Food

Retail food prices went up 1.2% between July 15 and Aug. 12, to the highest level in 10 years. The rise has continued in the last half of August, according to preliminary reports from 18 cities.

Country-wide advances from mid-July to mid-August were reported for bread, fresh milk, canned goods, beef, pork, coffee, and shortenings. Other foods, such as lamb, chicken, apples, and most of the fresh vegetables, are selling at seasonally low levels. The index of retail cost of 54 important foods, at 108% of the 1935-39 average, is now 12% higher than last year. Although food prices have been rising continuously since November, the advance has been at a more rapid rate since March and the index rose 10% between March and August.

Clothing

Clothing prices, continuing the steady rise since last February, advanced 1.6% between mid-July and mid-August. Greatest advances, of more than 3% were reported in Cleveland, Kansas City, Houston and Pittsburgh. Prices for men's woolen clothing, cotton work clothing, undershirts, and shoes and for women's cotton wash frocks and silk and rayon slips again advanced.

Changes in prices of some important articles of clothing from July to August of this year and from August 1939 to August 1941 are shown in the following table:

PERCENTAGE CHANGES IN PRICES FOR SPECIFIED ARTICLES OF CLOTHING

Article of Clothing	7-15-1941 to 8-15-1941	8-15-1939 to 8-15-1941
Men's		
Overalls	+2.5	+18.0
Work shirts	+1.3	+15.5
Work trousers	+1.7	+11.2
Work shoes	+1.6	+10.4
Women's		
Percale dresses	+1.2	+8.5
Silk and rayon slips	+1.2	+10.4
Shoes	+0.6	+2.4
Silk hose	+2.4	+1.5

Rents

Ordinarily rents do not change much in mid-summer. This August, however, there were some advances in 14 of the 20 large cities surveyed. On the average, for homes occupied by moderate-income families a rise of 0.2% was reported. The largest number of increases occurred for dwellings renting between $20 and $30. These rent reports do not include rooms in rooming and boarding houses or furnished apartments.

Fuel

The cost of fuel went up in most sections of the country. The only exceptions among the 34 cities in which these prices are collected each month were Denver, San Francisco, Los Angeles, New Orleans and Richmond. Anthracite and bituminous coal prices advanced between July and August in most of the cities. There were also reports of further increases in prices of fuel oil, particularly in the New England cities and in New York.

Housefurnishings

Prices of housefurnishings which have been rising steadily since last January, increased by 0.8% during the month, in a nation-wide advance. Living-room and bedroom suites were again quoted at higher prices and there were also substantial advances for washing machines, radios and mattresses. Prices of sheets rose in half of the cities surveyed, but August white sales in the other cities brought the average price of sheets below the July level.

Recent changes in prices paid by wage earners and clerical workers for some selected housefurnishings are shown below:

PERCENTAGE CHANGES IN PRICES FOR SPECIFIED HOUSEFURNISHINGS

Article of Housefurnishings	7-15-1941 to 8-15-1941	8-15-1939 to 8-15-1941
Living-room suites	+2.3	+24.3
Bedroom suites	+1.1	+14.4
Electric refrigerators	+0.1	—10.7
Washing machines	+1.5	+11.0
Rugs	+0.9	+22.7
Linoleum	+0.7	—0.7
Mattresses	+1.0	+8.1
Sheets	—1.3	+12.6

Miscellaneous goods and services

Retail prices of soaps continued to move upward, following advances in wholesale prices for fats and oils. General increases in prices of rubber tires and inner tubes were also reported, occurring in 17 of the 20 cities. In most cities, gasoline prices remained about the same in August as in July, but there was a substantial rise in Kansas City and a decline in St. Louis.

Table 1 presents percentage changes in the cost of goods purchased by wage earners and lower-salaried workers in 20 large cities and these cities combined from July 15, 1941 to Aug. 15, 1941. Indexes of these costs, based on average costs in 1935-39 as 100 are presented in Table 2.

Table 1. Percentage Change from July 15, 1941 to Aug. 15, 1941 in the Cost of Goods Purchased by Wage Earners and Lower-Salaried Workers in 20 Large Cities of the United States, by Groups of Items

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	Housefurnishings	Miscellaneous
Average:							
Large Cities	+0.8	+1.2a	+1.6	+0.2	+0.9b	+0.8	+0.1
New England:							
Boston	+1.2	+2.5	+0.2	+0.2	+1.1	+0.4	+0.2
Middle Atlantic:							
Buffalo	+0.5	+0.9	+0.9	c	+0.7	+0.3	+0.1
New York	+0.5	+0.7	+1.2	+0.1	+0.4	+0.3	+0.2
Philadelphia	+0.9	+1.4	+1.3	+0.4	+1.5	c	+0.2
Pittsburgh	+0.6	+0.3	+3.1	c	+0.2	+1.1	+0.3
East North Central:							
Chicago	+0.7	+0.6	+3.0	+0.2	+0.8	+2.8	+0.1
Cincinnati	+1.6	+4.1	+0.2	c	+1.3	+0.3	+0.3
Cleveland	+1.8	+3.1	+4.3	+0.5	+1.1	+1.3	+0.3
Detroit	+0.4	—0.1	+1.0	+0.3	+2.0	+0.7	c
West North Central:							
Kansas City	+1.1	+0.6	+3.7	+0.6	+1.6	+0.7	+1.1
Minneapolis	+0.8	+1.7	+0.3	+0.2	+1.0	+0.6	+0.2
St. Louis	+0.4	+0.8	+1.7	c	+1.2	+0.2	—0.5
South Atlantic:							
Baltimore	+0.8	+0.9	+1.6	+0.6	+1.4	+1.5	+0.3
Savannah	+0.7	+1.1	+1.1	c	+0.4	+1.4	+0.2
East South Central:							
Birmingham	+1.2	+1.5	+2.8	+0.7	+1.1	+0.8	+0.4
West South Central:							
Houston	+0.8	+0.7	+3.3	+0.3	+0.1	+1.3	+0.3
Mountain:							
Denver	+1.0	+1.5	+3.0	+0.2	c	+1.0	+0.2
Pacific:							
Los Angeles	+0.7	+2.0	+0.9	c	c	+0.5	—0.2
San Francisco	+0.5	+0.9	+0.5	+0.1	c	+0.7	+0.2
Seattle	+1.1	+2.7	+0.7	+0.1	+0.1	+2.0	+0.2

a Based on data for 51 cities.
b Based on data for 34 cities.
c No change.

Table 2. Indexes of the Cost of Goods Purchased by Wage Earners and Lower-Salaried Workers in 20 Large Cities of the United States, by Groups of Items, Aug. 15, 1941
(Average 1935-39=100)

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	Housefurnishings	Miscellaneous
Average:							
Large Cities	106.0	108.0a	105.9	106.3	103.2b	108.1	103.8
New England:							
Boston	104.9	107.3	103.1	101.2	109.2	105.3	103.2
Middle Atlantic:							
Buffalo	108.5	111.8	105.0	110.6	101.9	110.0	106.1
New York	105.3	107.8	105.7	102.8	103.8	103.0	104.3
Philadelphia	104.4	104.7	105.0	105.1	103.0	106.8	103.3
Pittsburgh	106.8	109.0	106.9	106.8	106.0	109.6	103.3
East North Central:							
Chicago	106.6	108.1	103.7	110.7	102.5	103.5	103.4
Cincinnati	106.1	109.1	105.4	103.0	103.7	110.9	103.7
Cleveland	109.0	112.1	110.2	110.8	111.8	112.7	102.7
Detroit	107.4	107.1	106.0	112.4	104.2	103.8	105.0
West North Central:							
Kansas City	103.3	101.8	107.9	104.7	102.7	106.3	102.3
Minneapolis	106.9	110.0	104.4	108.6	98.2	108.8	105.7
St. Louis	105.0	109.4	107.0	101.8	105.1	103.0	101.5
South Atlantic:							
Baltimore	107.2	109.6	106.0	109.6	103.2	108.8	103.5
Savannah	107.9	114.8	105.2	106.6	99.5	108.0	103.2
East South Central:							
Birmingham	108.2	106.8	110.9	121.4	97.5	106.1	104.6
West South Central:							
Houston	105.7	109.5	108.2	107.2	93.2	112.4	101.6
Mountain:							
Denver	104.7	105.8	104.0	105.9	97.4	103.2	103.5
Pacific:							
Los Angeles	106.3	109.3	107.4	105.6	94.2	107.0	104.4
San Francisco	106.1	108.2	106.6	104.1	91.6	108.1	106.3
Seattle	108.5	112.2	108.2	111.4	95.8	105.3	106.3

a Based on data for 51 cities.
b Based on data for 34 cities.

August Defense Stamp Sale Is Highest Yet

The Treasury Department announced on Sept. 11 that the estimated total value of Defense Savings Stamps sold during the four-month period May-August was $13,817,000 and that the number of units sold aggregated 43,444. According to the Treasury figures, the August sales, amounting to $4,251,000 and numbering 14,208,000 stamps of all denominations, were the largest since the campaign started last May. The value of stamps sold in July totaled $3,288,000, in June $2,802,000 and in May $3,475,000. The most popular stamp is the 25-cent denomination, of which there have been 28,288,000 units sold, with the other denominations ranking in popularity as follows: 10-cent, 50-cent, $1 and $5.

The Treasury's tabulation of the sales follows:

DEFENSE SAVINGS STAMPS
Estimated Total Value and Number of Units Sold, by Denominations, During May, June, July, and August, 1941
(All figures in thousands)

Denomination	May	June	July	Aug.	Total
	Number of Units by Denominations				
$ .10	2,536	1,594	1,625	2,426	8,180
.25	5,364	5,728	7,341	9,856	28,288
.50	1,213	875	1,038	1,209	4,335
1.00	698	468	533	661	2,360
5.00	115	61	48	56	280
Total	9,926	8,725	10,584	14,208	43,444
Total. Value	$3,475	$2,802	$3,288	$4,251	$13,817

Note—Figures have been rounded to nearest thousand and will not necessarily add to totals. For the same reason, the sum of units times denominations does not necessarily agree exactly with total value.

Corporate Profits Show 2nd Quarter Decline

Despite the record level of industrial production, net profits of large industrial corporations, as measured by the figures of 167 companies which report profits quarterly, declined 6% between the first and second quarters of this year, the Federal Reserve Bank of New York reports in its "Monthly Review" of Sept. 1. Second quarter profits, the Bank says, were restricted by higher labor and material costs and particularly by increased provision for taxes, as many companies in this group made deductions from their second quarter net earnings for estimated tax liabilities (at the higher rates incorporated in the current tax bill) applicable to the first, as well as the second quarter. Estimates reallocating taxes reported by corporations during both the first and second quarters indicate that if taxes had been uniformly applied against their respective quarters, net profits of leading corporations would have risen somewhat between the two quarterly periods, but by less than the average for past years. The Bank goes on to report:

For a broader list of 376 industrial and mercantile corporations, as summarized in the accompanying table, net profits during the second quarter were about one-fourth larger than a year before but were slightly smaller than in the second quarter of 1937 when the level of business activity was well below that of the second quarter of 1941.

Net profits of 511 industrial and mercantile corporations reporting for the first six months of this year were about 22% above those for the corresponding period last year and were slightly higher than in the first half of 1937. Year - to - year changes in first half earnings of the individual groups listed in the table were varied. The largest percentage gains were made by the following groups of companies: textiles, rubber and tires, heating and plumbing supplies, coal mining, steel and iron, and railroad equipment. The paper and paper products, chemical, automobile, petroleum, metal and glass container, and beverage groups recorded smaller gains, in all cases less han 10%. In contrast, the gold and silver mining, bakery products, and advertising, printing, and publishing groups reported smaller profits than in the first half of 1940.

With respect to the impact of Federal taxes on earnings, it is interesting to note that for a group of 89 companies, which reported complete profit and loss data, gross sales in the first half of 1941 were 36% larger than a year earlier, cost of goods sold, including State and local taxes, rose 31% and net profits before Federal taxes were 79% higher. The total of deductions for Federal income and excess profit taxes and reserves for additional taxes was equal to 54% of net profits before taxes, as against 26% a year before. After deduction of taxes these companies reported a gain of only 12% in net profits.

Class I railroads as a group reported second quarter net income (after all charges of $103,000,000. This compares with a profit of $3,000,000 a year ago, and a profit of $24,000,000 in the 1937 second quarter. For the first six months, the Class I railroads as a group had net income after fixed charges for the second time in ten years; the total was $170,000,000 apparently the largest amount for any comparable period since 1930. Net operating income (before taxes) of large telephone companies in both the second quarter and first six months reached the highest levels for any similar periods on record. Net income of other public utilities showed gains of only minor proportions during both periods.

(Net profits in millions of dollars)

Corporation group	Second quarter 1937	1938	1940	1941	First six months 1937	1938	1940	1941
Advertising, printing and publishing	4.2	2.6	3.5	2.9	8.8	5.3	6.8	6.7
Airplane manufacturing	2.3	4.8	13.8	14.5	4.3	7.9	23.6	30.8
Automobile	88.3	22.4	63.7	73.0	149.4	25.4	147.6	152.5
Automobile parts and accessories	17.1	—1.2	14.9	20.4	32.7	—4.4	32.5	41.3
Building supplies	14.3	3.3	9.9	12.6	30.6	6.2	21.1	28.1
Chemicals	44.1	20.1	39.3	42.3	84.2	38.7	81.3	82.9
Containers (metal and glass)	2.1	1.3	2.4	2.9	4.0	2.5	3.8	4.1
Drugs and cosmetics, incl. soap	11.0	9.6	10.9	16.0	29.8	21.0	28.4	34.4
Electrical equipment	27.5	9.5	24.3	28.6	51.9	20.1	46.1	55.4
Food products:								
Bakery	5.4	5.8	4.7	3.8	9.2	10.3	8.8	8.5
Beverages	11.0	10.4	12.1	13.1	18.8	18.8	21.2	22.7
Confectionery	4.7	4.1	4.5	5.2	9.2	8.4	10.0	11.3
Other food products	14.2	12.1	15.6	17.2	34.2	30.4	35.5	39.7
Heating and plumbing		5.0	0	4.7	8.4	—1.1	4.4	8.4
Heating and plumbing	5.0	0	3.1	4.7	8.4	—1.1	4.4	8.4
Household equipment	4.3	1.0	2.4	3.3	17.5	0.6	9.7	13.0
Leather and shoes	--	--	--	--	6.3	—1.1	3.8	5.1
Machinery and tools	17.9	4.3	12.0	15.0	37.8	11.2	26.6	36.3
Metal products—misc.	3.6	—0.2	2.3	4.0	8.4	—0.3	5.1	7.5
Mining:								
Coal	—0.8	—3.2	0.8	1.3	—0.4	—4.6	2.5	4.7
Copper	4.6	2.4	3.8	4.3	43.1	17.9	37.9	38.9
Gold and silver	5.3	4.0	3.5	3.2	17.5	14.1	14.0	12.1
Other mining	17.6	7.6	10.4	11.7	38.6	18.4	26.0	28.1
Motion pictures and films	6.1	3.0	2.7	4.4	24.7	14.3	15.4	20.0
Office equipment	6.1	3.4	4.0	6.0	12.5	7.5	8.8	12.4
Paper and paper products	7.5	1.2	8.1	7.6	14.3	4.0	16.5	16.7
Petroleum	47.1	28.5	26.2	37.8	161.3	100.8	107.0	113.5
Railroad equipment	14.1	—1.5	6.3	13.1	29.4	—1.3	18.4	29.7
Retail trade	--	--	--	--	21.5	9.1	18.6	23.0
Rubber and tires	--	--	--	--	21.5	2.7	12.7	25.0
Steel and iron	70.8	—10.5	47.8	68.4	145.5	—17.3	97.0	161.3
Textiles and apparel	--	--	--	--	13.0	—7.0	7.6	15.4
Tobacco (cigars)	0.4	0.5	0.8	0.8	0.7	0.8	1.5	1.4
Miscellaneous	1.0	—0.3	2.5	3.4	1.4	—1.3	3.0	3.8
Total								
376 companies, 2nd quarter	456.8	145.0	356.3	441.5	----	----	----	----
511 companies, 1st half	----	----	----	----	1,090.1	358.0	903.2	1,094.7
137 Class I railroads, net income	23.5	—74.3	2.8	103.2	38.9	—180.0	—9.1	170.0
97 Telephone companies net operating income	58.6	52.8	62.0	73.6	118.9	102.8	124.6	144.4
63 other public utilities, net income	66.3	55.5	65.4	66.4	137.0	118.2	146.0	146.8

—Deficit

Condition of National Banks

The statement of condition of the National banks under the Comptroller's call of June 30, 1941 has just been issued and is summarized below. For purposes of comparison, like details for previous calls back to and including June 29, are included.

CONDITION OF NATIONAL BANKS IN THE UNITED STATES ON JUNE 29 AND DEC. 31, 1940. APR. 4 AND JUNE 30, 1941
[In thousands of dollars]

	June 29, 1940 (5,170 banks)	Dec. 31, 1940 (5,150 banks)	Apr. 4, 1941 (5,144 banks)	June 30, 1941 (5,136 banks)
ASSETS	$	$	$	$
Loans and discounts, including overdrafts	9,179,227	10,027,773	10,427,466	10,922,483
U. S. Government securities, direct obligations	7,219,890	7,658,549	8,482,114	8,856,499
Obligations guaranteed by U. S. Government	1,891,336	2,094,056	1,113,876	2,279,453
Obligations of States and political subdivisions	1,928,352	2,008,472	2,147,574	2,020,242
Other bonds, notes, and debentures	1,648,245	1,694,058	1,634,616	1,590,191
Corporate stocks, including stock of Federal Reserve banks	217,452	212,905	209,456	208,409
Total loans and investments	*22,084,502*	*23,695,813*	*25,015,102*	*25,877,277*
Cash, balances with other banks including reserve balances, and cash items in process of collection	13,877,104	15,120,067	14,243,808	14,521,658
Bank premises owned, furniture and fixtures	597,251	594,398	598,722	592,897
Real estate owned other than bank premises	119,515	108,197	103,068	96,568
Investments and other assets indirectly representing bank premises or other real estate	65,392	62,415	62,439	61,764
Customers' liability on acceptances outstanding	42,339	47,154	45,736	49,977
Interest, commissions, rent, and other income earned or accrued but not collected	58,672	60,399	68,289	61,469
Other assets	40,305	45,519	55,857	53,025
Total assets	36,885,080	39,733,962	40,193,021	41,314,635
LIABILITIES				
Demand deposits of individuals, partnerships, and corporations	15,976,786	17,939,331	18,070,367	19,194,051
Time deposits of individuals, partnerships, and corporations	7,875,792	7,954,096	8,050,125	8,042,313
Deposits of U. S. Government, including postal savings	564,997	506,709	478,412	540,937
Deposits of States and political subdivisions	2,270,856	2,358,230	2,530,319	2,529,179
Deposits of banks	6,084,051	6,575,298	6,751,121	6,591,645
Other deposits (certified and cashiers' checks, etc.)	301,925	518,760	407,137	453,178
Total deposits	*33,074,407*	*35,852,424*	*36,287,481*	*37,351,303*
Bills payable, rediscounts, and other liabilities for borrowed money	2,910	3,127	2,430	2,005
Mortgages or other liens on bank premises and other real estate	117	110	101	59
Acceptances executed by or for account of reporting banks and outstanding	50,641	54,489	52,371	59,379
Interest, discount, rent, and other income collected but not earned	41,376	46,395	51,299	55,644
Interest, taxes, and other expenses accrued and unpaid	49,741	48,082	59,775	56,215
Other liabilities	189,447	192,937	167,198	191,889
Total liabilities	33,408,639	36,197,564	36,620,655	37,716,494
CAPITAL ACCOUNTS				
Capital stock (see memoranda below)	1,534,649	1,527,237	1,526,939	1,523,383
Surplus	1,249,961	1,309,533	1,319,321	1,336,090
Undivided profits	468,203	467,984	491,310	498,376
Reserves (see memoranda below)	223,628	231,644	234,796	240,292
Total capital accounts	3,476,441	3,536,398	3,572,366	3,598,141
Total liabilities and capital accounts	36,885,080	39,733,962	40,193,021	41,314,635
MEMORANDA				
Par value of capital stock:				
Class A preferred stock	193,904	182,019	175,651	171,260
Class B preferred stock	14,859	13,638	13,374	13,181
Common stock	1,328,180	1,333,816	1,399,894	1,340,705
Total	1,536,943	1,529,473	1,528,919	1,525,146
Retirable value of preferred capital stock:				
Class A preferred stock	245,165	233,280	224,711	219,908
Class B preferred stock	17,144	15,523	15,290	15,129
Total	262,309	248,803	240,001	235,037
Reserves:				
Reserve for dividends payable in common stock	5,456	5,381	234,796	6,667
Reserve for other undeclared dividends	9,116	8,571		8,494
Retirement account for preferred stock	19,581	21,396		20,503
Reserves for contingencies, etc	189,475	196,296		204,628
Total	223,628	231,644	234,796	240,292
Pledged assets and securities loaned:				
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	2,397,707	2,457,149	2,477,773	2,673,112
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement	593,565	644,363	629,253	601,405
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	93,990	89,741	89,113	100,882
Securities loaned	7,929	13,372	14,437	19,344
Total	3,093,186	3,204,625	3,210,576	3,394,743
Secured liabilities:				
Deposits secured by pledged assets pursuant to requirements of law	2,522,681	2,630,448	2,659,791	2,746,217
Borrowings secured by pledged assets, including rediscounts and repurchase agreements	2,553	2,558	2,064	1,984
Other liabilities secured by pledged assets	492	508	485	521
Total	2,525,726	2,633,514	2,662,340	2,748,722

Note.—Beginning with the call as of Oct. 2, 1939, and continuing with each subsequent spring and autumn call a "short" form, eliminating schedules of loans and investments, etc., was adopted for obtaining condition reports of national banks. The abstracts covering each of such calls therefore contain fewer pages than the abstracts for the remaining calls made in the year.

	June 29, 1940	Dec. 31, 1940	Apr. 4, 1941	June 30, 1941
Details of demand deposits:				
Deposits of individuals, partnerships, and corporations	15,976,786	17,939,331	18,070,367	19,194,051
Deposits of United States Government	518,805	463,368	436,830	498,900
Deposits of States and political subdivisions	1,936,456	1,998,658	2,212,054	2,200,817
Deposits of banks in the United States (including private banks and American branches of foreign banks)	5,641,680	6,121,622	6,647,921	6,151,745
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	343,176	355,707		337,633
Certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to Federal Reserve banks (transit account)	301,925	518,760	407,137	453,178
Total demand deposits	24,719,328	27,397,446	27,774,309	28,836,324
Details of time deposits:				
Deposits of individuals, partnerships, and corporations:				
Savings deposits	6,997,727	7,129,006	8,050,125	7,152,681
Certificates of deposit	533,532	510,887		504,332
Deposits accumulated for payment of personal loans	36,604	48,418		55,138
Christmas savings and similar accounts	78,792	18,888		91,237
Open accounts	249,137	246,897		238,925
Total	7,875,792	7,954,096	8,050,125	8,042,313
Postal-savings deposits *b*	46,192	43,341	41,582	42,037
Deposits of States and political subdivisions	334,400	359,572	318,265	328,362
Deposits of banks in the United States (including private banks and American branches of foreign banks)	93,720	93,046	103,200	96,944
Deposits of banks in foreign countries (including balances of foreign branches of other American banks but excluding amounts due to own foreign branches)	4,975	4,923		5,323
Total time deposits	8,355,079	8,454,978	8,513,172	8,514,979
Ratio of required reserves to net demand plus time deposits:				
Total, Central Reserve city banks	21.43%	21.46%	21.52%	21.57%
Total, Reserve city banks	13.72%	13.94%	14.03%	14.10%
Total, Country banks	8.14%	8.34%	8.37%	8.45%
Total, all member National banks	14.60%	14.73%	14.81%	14.88%

b Includes United States Treasurer's time deposits—open accounts.

Supervisory Contact With Each Insured Bank Proposed by FDIC in Its Annual Report

In its annual report for the year ended Dec. 31, 1940 the Federal Deposit Insurance Corp. states that "the banking situation has improved considerably over the past seven years (the Corporation was created in 1933, and since Jan. 1, 1934 says the introduction to the report, has been protecting depositors in more than 13,000 banks) and the loans and securities of the banks are probably of higher average quality than ever before in our history," The introduction to the report goes on to say:

The favorable aspects of the situation and the satisfactory operating experience to date of the Federal Deposit Insurance Corporation, however, should not be permitted to obscure the existence of undesirable tendencies which may threaten the soundness of our banking system. The capital ratios of the banks are low. At the year's close the net sound capital of the banks averaged not more than 9% of total assets.

For the most part the low capital ratios are in the larger banks; from one-fifth to one-fourth of the banks had capital ratios below 9 or 10%, but these banks held two-thirds of the deposits of all insured commercial banks. The average capital ratio of banks with deposits of more than $10,000,000 each was not in excess of 8.5%.

Some banks continue to show unsatisfactory asset positions and undesirable management practices. Where problem cases exist the Corporation is making every effort to work out corrective programs.

The Corporation's experience reveals the necessity for extension and further clarification of the Corporation's supervisory authority to provide greater assurance of achievement of the objections of deposit insurance.

Likewise from the introductory remarks we quote the following bearing on the seven-year period during which the Corporation has been operating.

In 355 banks in financial difficulties, the Corporation has protected depositors from loss by paying off insured claims or by putting up cash to cover depreciated assets and thus permit merger of the banks with sound banks. More than 1 million depositors in the 355 banks have been protected from the loss of any part of their deposits and, for the most part, from serious interruption in the use of their funds. Less than 5,000 of the depositors who filed claims against these banks will suffer any loss at all. Losses of these depositors will amount to about $3 million, or seven-tenths of 1 percent of the $439 million of deposits in these banks, about one-thirtieth of the average rate of loss borne by depositors in banks which failed during the 70 years preceding deposit insurance. The Corporation's losses are estimated at 15 times the total amount borne by the depositors in the 355 insured banks, or 10% of deposits.

In numerous other weak or hazardous banks which have been in financial difficulties the Corporation has protected depositors from loss through prompt supervisory action which has corrected the situations before losses have actually been incurred.

The Corporation's losses and operating expenses have approximated income from investments, permitting the accumulation as surplus of practically all of the assessments paid in by banks. On December 31, 1940, the capital and surplus of the Corporation amounted to $496 million, an increase of $207 million over the original capital of $289 million with which the Corporation started.

As bearing on direct supervisory contact with the banks by the Corporation the report has the following to say:

Deposit insurance and bank supervision. Establishment of the insurance system has not been accompanied by any change in the fundamental objective of bank supervision. Protection of creditors of banks has continued to be the chief purpose of supervision. Relatively few depositors, however, now suffer any loss at all in closed insured banks. Under the deposit insurance system, the Corporation in protecting the depositors has succeeded to their claims against the banks and has, therefore, become the chief creditor of insured banks which fail.

The Corporation alone of the supervisory agencies bears the financial responsibility of loss from bank failures, but the direct supervision of over one-half of the banks for whose solvency the Corporation has sole financial responsibility rests with other agencies. More than one-half of the Corporation's disbursements for the protection of depositors has occurred in connection with insured banks over which the Corporation did not have direct supervision. Approximately two-thirds of the Corporation's expected losses to date are in those banks.

The Corporation should have direct supervisory contact with each insured bank; the fact that the insurance coverage is nominally low in some banks does not affect this necessity. Experience of the Corporation reveals that depositors in most cases are protected for the full amount of their deposits, irrespective of the size of their balances, when it becomes necessary to eliminate weak or insolvent insured banks. In the main, the Corporation has protected depositors in the larger banks by making loans to facilitate mergers, thus avoiding receiverships. Under this procedure there has been no loss to any depositor regardless of the amount of his deposit. This protection has covered balances due other banks, building and loan companies, and other financial institutions with resulting benefit to their depositors, shareholders, and customers. As a consequence, the financial deterioration of an insured bank no longer generates widespread uneasiness, in contrast with the situation prior to deposit insurance when banking difficulties were accompanied by loss of confidence, depositors' runs, and economic disturbances.

Income and expenses. Total income of the Corporation for the entire period of its existence through December 31, 1940, amounted to $274.5 million, of which $211.1 million were received from assessments paid by insured banks and $63.4 million were from income and profits on investments. Administrative expenses of the Corporation were $22.0 million and charges on account of insurance expenses and estimated losses were $45.8 million. Accumulated surplus of the Corporation on December 31, 1940, was $206.7 million.

(*Continued on Page 316*)

Supervisory Contact With Each Insured Bank Proposed by FDIC in Its Annual Report

(Continued from Page 315)

INCOME AND EXPENSES OF THE CORPORATION SINCE BEGINNING OPERATIONS a

(In millions of dollars)

	Total	1940	1939	1938	1937	1936	1935	1933-34 b
Income—total	274.5	55.9	51.2	47.8	48.1	43.8	20.7	7.0
Deposit insurance assessments c	211.1	46.2	40.7	38.3	38.8	35.6	11.5	-------
Investment income and profits	63.4	9.7	10.5	9.5	9.3	8.2	9.2	7.0
Expenses—total	67.8	17.3	19.1	8.1	7.3	6.0	5.6	4.4
Deposit insurance losses & expenses	45.8	13.7	15.7	5.1	4.6	3.5	2.9	.3
Deposit insurance Administrative expenses d	22.0	3.6	3.4	3.0	2.7	2.5	2.7	e 4.1
Net income added to surplus	206.7	38.6	32.1	39.7	40.8	37.8	15.1	2.6

a Figures of total expenses, deposit insurance losses and expenses, and net income added to surplus for years prior to 1940 differ from those shown in previous Annual Reports because of revisions in estimates of losses allocated to the different years.

b Includes expenses from date of organization, September 11, 1933, to December 31, 1934.

c Assessments collected from insured banks, members of the temporary insurance funds, were credited to their accounts in total at the termination of the temporary funds, being applied toward subsequent assessments under the permanent insurance fund, and resulting in no income to the Corporation from assessments for the term of the temporary insurance funds.

d Includes furniture, fixtures, and equipment purchased and charged off.

e After deducting portion of expenses and losses charged to banks withdrawing from the temporary funds on June 30, 1934.

Total income for the calendar year 1940 was $55.9 million, of which $46.2 million represented assessments and $9.7 million interest on investments—net after provision for amortization of premiums, interest on loans and subrogated claims, and profits on securities sold. Total losses and expenses for the year amounted to $17.3 million, of which $13.7 million were insurance losses and expenses and $3.6 million were administrative expenses and other charges. The surplus of the Corporation was increased by $43.3 million during the year, reflecting net income of $38.6 million and adjustments to surplus, applicable to prior periods, of $4.6 million.

From the report we also quote:

Insured banks. The Federal Deposit Insurance Corporation was insuring deposits in 13,442 of the 14,399 commercial banks in operation on December 31, 1940. These banks held $63 billion of deposits, or 97 percent of the deposits of all commercial banks. The number of commercial banks insured was reduced by 96 during the year, representing the excess of terminations of insurance through merger, liquidation, and suspension over admissions to insurance of newly organized or previously non-insured banks.

Assets and Liabilities of Insured Commercial Banks

On December 31, 1940, total assets of insured commercial banks amounted to nearly $71 billion, the highest figure ever reported. Total assets were $7.6 billion larger in amount at the close than at the beginning of the year, the largest increase recorded in any 12-month period since the beginning of deposit insurance.

Changes in assets and liabilities during 1940. The growth in assets during 1940 reflected chiefly a substantial inflow of gold and the expanded program of national defense started in the spring of the year. The effect of the gold inflow upon the banking system appears in large part in the $2.6 billion increase in holdings of cash and of reserves with the Federal Reserve banks. The progress of the defense program and the industrial expansion accompanying it are reflected in an increase of $1.5 billion in holdings of Government securities, a growth of $1.5 billion in loans, and an increase in float—items in process of collection—of about $1 billion.

The expansion of liabilities was chiefly in demand deposits of individuals, partnerships, and corporations which increased by more than $5 billion over the year period. Interbank deposits increased by $1 billion and time deposits by $0.5 billion. Total capital accounts of all insured banks remained practically unchanged in amount over the period, and the ratio of total capital accounts to book value of assets was reduced from 10.3% at the beginning to 9.4% at the close of the year.

ASSETS AND LIABILITIES OF OPERATING INSURED COMMERCIAL BANKS DECEMBER 31, 1940, AND DECEMBER 30, 1939

(Amounts in millions of dollars)

	Amount Dec. 31, 1940	Amount Dec. 30, 1939	Change Amount	Change Percent
ASSETS				
Cash and reserves with Federal Reserve banks	15,227	12,671	+2,556	+20
Balances with other banks	8,216	7,344	+872	+12
Items in process of collection	2,847	1,361	+986	+53
U. S. Government obligations, direct and fully guaranteed	17,065	15,568	+1,497	+10
Other securitiess	7,099	6,850	+239	+3
Loans, discounts, and overdrafts	18,398	16,866	+1,532	+9
Fixed assets	1,534	1,657	-123	-7
Miscellaneous assets	334	320	+14	+4
Total assets	70,720	63,147	+7,573	+12
LIABILITIES AND CAPITAL				
Deposits of other American banks	9,830	8,761	+1,069	+12
Other demand deposits	38,040	32,238	+5,802	+18
Other time deposits	15,600	15,077	+523	+3
Total deposits	63,470	56,076	+7,394	+13
Miscellaneous liabilities	577	546	+31	+6
Total capital accounts	6,673	6,525	+148	+2
Total liabilities and capital accounts	70,720	63,147	+7,573	+12

Analysis of loans. Loans increased by $1.5 billion during the year of which $900 million occurred in business loans. Loans reported as "all other loans," which represent principally personal and consumer loans, part of which are repaid on an instalment basis, increased by $400 million. Residential real estate loans, almost one-half of which are represented by loans insured under Title II of the National Housing Act, increased by $300 million. Agricultural loans also increased, while loans for the purpose of purchasing and carrying securities were reduced in volume. The major part of the expansion in total loans was in the second half of the year and was greater than for any other 6-month period since the beginning of the Federal deposit insurance system. This rapid growth probably reflected for the most part acceleration of the defense program.

Instalment consumer loans: Comprehensive data on instalment consumer loans of banks became available in 1940 for the first time through a special questionnaire addressed to insured banks by the Federal supervisory agencies.

Earnings of Insured Commercial Banks

The earnings reported by insured commercial banks in 1940 reflect the influence of the defense program, as well as the influence of trends which have been in evidence for a number of years. The influence of defense activities is revealed in the character of increases in income and expenses. The influence of previously existing trends is shown in lowered interest rates on securities and on time deposits and in smaller charge-offs following progressive elimination of criticized assets.

EARNINGS, EXPENSES, AND DIVIDENDS OF INSURED COMMERCIAL BANKS, 1934-1940

(Amounts in millions of dollars)

	1934	1935	1936	1937	1938	1939	1940
Gross current operating earnings	1,518	1,486	1,567	1,634	1,584	1,605	1,631
Total current operating expenses a	1,117	1,083	1,126	1,167	1,158	1,160	1,193
Net current operating earnings	401	403	441	467	426	445	438
Profits on assets sold, recoveries on assets, etc.	292	432	585	309	329	381	349
Losses, charge-offs, etc.	1,033	628	502	395	455	438	386
Net profits before dividiends	b–340	207	524	381	300	388	401
Cash dividends declared and interest paid on capital	188	207	223	226	222	232	237
Net profits after dividends	b–528	-----	301	155	78	156	164

a Including income taxes. The figures of total current operating expenses shown in Table 139 exclude income taxes of banks reporting to the Corporation, except in 1934 and 1935. Since income taxes of other banks, which represent the major portion, are not reported separately, income taxes of banks reporting to the Corporation are included under total current operating expenses in this table.

b Net loss.

Insured Mutual Savings Banks

On December 31, 1940, the Federal Deposit Insurance Corporation was insuring deposits in 53 of the 551 mutual savings banks in the country. The 53 banks were operating 31 branches at the close of the year. Two banks, operating six branches, and holding deposits of $424 million, were admitted to insurance during the year.

Insured mutual savings banks held deposits of $1.8 billion at the end of the year, amounting to 17 percent of the $10.7 billion of deposits in all mutual savings banks. Eight of the insured banks held deposits of more than $50 million each, totaling $1.4 billion, or 77% of the deposits in all insured mutual savings banks. The 53 insured banks were located in 12 States. More than $1.5 billion of the deposits were held by banks located in six eastern States.

Of the $1,984 million of assets held by insured mutual savings banks on December 31, 1940, 30% were represented by real estate loans and 2% by other loans and discounts. United States Government securities held amounted to 28% of the assets and other securities to 24%. All remaining assets amounted to 16% of total assets.

Member Bank Condition Statement

In the following will be found the comments of the Board of Governors of the Federal Reserve System respecting the returns of the entire body of reporting member banks of the Federal Reserve System for the week ended with the close of business Sept. 17:

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended Sept. 17: An increase of $52,000.000 in commercial, industrial and agricultural loans, decreases of $119.000,000 in loans to brokers and dealers in securities and $92,000,000 in holdings of United States Treasury bills, increases of $154,000,000 in reserve balances with Federal Reserve Banks, $146,000,000 in balances with domestic banks, and $258,000,000 in deposits credited to domestic banks, and a decrease of $128,000,000 in demand deposits-adjusted

Commercial, industrial and agricultural loans increased somewhat in nearly all districts. Loans to brokers and dealers in securities declined $109,000,000 in New York City and $119,000,000 at all reporting member banks.

Holdings of Treasury bills declined $48,000,000 in the Chicago district, $43,000,000 in New York City, and $92,000,000 at all reporting member banks. Holdings of United States Government bonds increased $26,000,000 in New York City and declined $22,000,000 in the Chicago district and $6,000,000 at all reporting member banks.

Demand deposits-adjusted declined $196,000,000 in New York City and $128,000,000 at all reporting member banks, and increased $28,000,000 in the Cleveland district and $20,000,000 in the San Francisco district.

Deposits credited to domestic banks increased in nearly all districts, the principal increases being $104,000,000 in New York City and $49,000,000 in the Chicago district; the total increase at all reporting member banks was $258,000,000.

A summary of the principal assets and liabilities of reporting member banks together with changes for the week and the year ended Sept. 17, 1941, follows:

Assets—	Sept. 17, 1941 $	Increase (+) or Decrease (—) Sept. 10, 1901 $	Increase (+) or Decrease (—) Sept. 18, 1940 $
Loans and Investments—total	29,098,000,000	—132,000,000	+4,814,000,000
Loans—total	10,917,000,000	— 58,000,000	+2,225,000,000
Commercial, industrial and agricultural loans	6,362,000,000	+ 52,000,000	+1,784,000,000
Open market paper	394,000,000	— 3,000,000	+ 98,000,000
Loans to brokers and dealers in securities	469,000,000	—119,000,000	+ 65,000,000
Other loans for purchasing or carrying securities	437,000,000	--------	— 25,000,000
Real estate loans	1,260,000,000	+ 2,000,000	+ 38,000,000
Loans to banks	40,000,000	— 3,000,000	— 5,000,000
Other loans	1,955,000,000	+ 13,000,000	+ 270,000,000
Treasury bills	844,000,000	— 92,000,000	+ 171,000,000
Treasury notes	2,287,000,000	+ 3,000,000	+ 196,000,000
U. S. bonds	7,957,000,000	— 6,000,000	+1,416,000,000
Obligations guaranteed by U. S. Gov't	3,320,000,000	+ 7,000,000	+ 737,000,000
Other securities	3,773,000,000	+ 14,000,000	+ 69,000,000
Reserve with Federal Reserve Banks	10,879,000,000	+154,000,000	— 611,000,000
Cash in vault	551,000,000	— 22,000,000	+ 49,000,000
Balances with domestic banks	3,676,000,000	+146,000,000	+ 380,000,000
Liabilities—			
Demand deposits—adjusted	24,375,000,000	—128,000,000	+3,391,000,000
Time deposits	5,430,000,000	— 1,000,000	+ 75,000,000
U. S. Government deposits	615,000,000	+ 6,000,000	+ 85,000,000
Interbanks deposits:			
Domestic banks	9,707,000,000	+258,000,000	+1,020,000,000
Foreign banks	613,000,000	— 17,000,000	— 70,000,000
Borrowings	1,000,000	-------	-------

Foreign Front

(Continued from Page 313)

lower reaches of the Dnieper River, and on Monday they reported severance of Russian communications to the Crimea, where the Black Sea naval base of Sevastopol is located. Odessa, however, continued to hold out against the Germans and their allies.

Far to the north the bloody battle for Leningrad raged unremittingly, with the Russian army of soldiers and civilians contesting every foot of ground. The Nazis reported capture of bunkers here and there, on the rim of the defenses of Leningrad. Vast aerial battles apparently raged over the second city of Russia, for the defenders of Leningrad rose to meet heavy bombing attacks by the German fliers. Off the Estonian coast the Germans were able to report the capture of part of the important island of Oesel, held by the Communists for about a year. The batteries of the great Russian fortress of Kronstadt, off Leningrad, were said by the Finns to have been silenced.

Heavy destruction of Russian naval vessels also was reported by the Nazis, both in the Baltic and the Block Sea. Virtually all of the Russian Baltic Fleet was trapped in the Gulf of Finland, according to Berlin, and systematic aerial bombing was said on Monday to have caused damage to the 23,000 ton battleship October Revolution, and the 8,800 ton cruiser Kirov. A number of other ships also were damaged in the Gulf of Finland, it was claimed. In the Black Sea the Germans reported officially the sinking of a Russian cruiser, two destroyers and a number of small craft. Moscow, in turn, claimed on Tuesday the sinking of large numbers of German vessels.

In the battle of bulletins, claims that seem utterly fantastic were advanced, but no way of checking the assertions is open, and a good deal of truth may be hidden in the reports. Russian prisoners taken in the Kiev pocket were said by the Germans on Tuesday to number more than 380,000, and no less than 50 divisions, totaling about 750,000 men, were said by Berlin to have been "smashed." This raised the total of Russian prisoners allegedly in German hands to more than 2,000,000, for the war. All Russian casualties, computed from the German statements, would number somewhere between 4,000,000 and 6,000,000. The Russians scoffed and said their losses were small, compared with the German claims. Moscow advanced the argument that 3,000,000 Nazis have been killed, wounded or captured.

Confusing this matter of claims additionally was an official recapitulation of German losses from the start of the campaign on June 22 to the end of Aug. Such losses, the Germans said on Saturday, totaled 402,865, consisting of 85,896 dead, 296,670 wounded and 20,229 missing. British circles, which had estimated German losses at 2,000,000, maintained that the official German figures were untruths and that the losses actually were much greater. Both countries have called virtually their entire manpower to arms, and Russia is expected to have 25,000,000 men in the armed forces before long.

Britain and Germany

Military activities varied little during recent days in the direct struggle being waged between Great Britain and Nazi Germany, and there appears to be little prospect for an early change since "invasion weather" rapidly is passing. Vast aerial attacks by the British upon German centers weather permitted, and some Ger- were reported whenever the man bombing attacks upon British cities also developed. The war on the high seas was intensified, but remains inconclusive.

Invasion aspects of the conflict furnish the negative news of greatest significance, for the time being. It has been held for some time that desperation on the part of the Nazi High Command might occasion an effort to breach the British defenses through attempted landings. No such endeavors so far have been reported, officially. The British forces unquestionably are under the compulsion of trying to effect a landing on the Continent and thus create a diversion for the relief of Russia, if London can see anything but black disaster in such maneuvers. But the British Government also refrains from experiments of this nature. This mutual abstention is highly instructive.

British fliers retained the initiative in the aerial combat, for vast armadas ranged over the Continent night after night, with raids also reported by daylight over the nearby invasion coast of France and the Low Countries. Unaccompanied bombing airplanes did the night raiding into Germany, but the bombers that flew over France were escorted by fighters. The German retaliation was relatively feeble and ineffective, according to London reports. That a great deal of damage was done by the British is hardly to be doubted. No indication so far has appeared, however, of a break in the German morale or of destruction on a scale affecting the German ability to wage war against Russia. Admitted aerial losses of the British ranged to more than a dozen planes on some occasions, with the Nazis claiming for larger downings of their adversaries. The German aerial losses in Western Europe admittedly were modest.

German submarines, aerial bombers and raiders continued their destruction on the high seas, with the waters around Iceland an obvious zone of great danger. It was reported in Berlin on Monday that an attack on a convoy which resulted in alleged sinkings of 28 merchant vessels, last week, took place in Icelandic waters. In waters nearer England a number of German speedboats are said to be operating, and large surface raiders are ranging farther over the oceans. Nazi aerial bombers are said by some observers to be more destructive than any other arm of the Reich fighting services.

The trend of the fighting indicates plainly that the Nazis are intent upon another campaign against British and Allied shipping. Britain's Heel of Achilles is the problem of supply for the Motherland and of transportation to the various fronts deemed to be important for the British defense. Whether British and American shipbuilding can counter the losses and enable the British to continue all activities in all spheres is one of the crucial questions of the war.

Occupied Europe

Grim tales of opposition to the German forces continue to come from the countries occupied or dominated by the Nazis, and they are accompanied in all instances by even more desperate reports of executions of hostages. German authorities supplied a recapitulation, Monday, which showed

(*Continued on Page* 318)

Foreign Trade In July

Exports of the United States in July, under the stimulus of relatively large lend-lease shipments, rose about 9% above June, while imports were hardly changed from the month previous. Both items of trade were substantially higher than in the corresponding month of 1940. The month's exports aggregated $358,649,000 compared with $329,737,000 in June and $316,696,000 in July 1940. Imports amounted to $277,847,000 in July, $279,536,000 in June and $232,393,000 in July 1940. These figures indicate an export balance of trade in all three periods, amounting to $80,802,000 in July, $50,201,000 in June and $84,276,000 in July 1940. But, as we have previously observed, lend-lease shipments can hardly be regarded in the same category as normal exports, so far as their influence on the trade balance is concerned, for the plan under which such shipments are made implies considerable uncertainty as to the nature and time of payment therefor; perhaps the most conservative light in which to regard them is as gifts. Through the month of August, the President recently reported, lend-lease expenditures totaled $486,721,000. All of this did not go into exports, some of it being for such items as "services rendered." But lacking a breakdown, we may assume that the total was for items shipped abroad. If we then deduct therefrom, $75,202,000, the amount of lend-lease expenditures made through May 31, according to the President's report of last June, we can place shipments in the period June, July, and August at $411,519,000, or at the rate of about $137,000,000 a month. If that figure represents a fair estimate, lend-lease shipments for one month were greater than the combined export balances of June and July.

The President's report places shipments of agricultural products alone, under the lend-lease program, through August 31, at $110,603,550 and apparently more than $100,000,000 of this amount was shipped since last May 31. The foreign trade report for July shows evidence of heavier shipments in this classification in that month; manufactured foodstuffs shipped in July were reported as worth $38,472,000 compared with $27,805,000 in June and $12,701,000 in July 1940. Crude foodstuff shipments were nearly $2,000,000 higher than in June but somewhat less than in July 1940. Individual items in these classifications, showing increases over the previous month included lard, dairy products, fresh, dried and canned vegetables, fresh, dried and evaporated fruits and corn. Most of these were higher than a year previous also. Among the items associated with the actual conduct of the war, only firearms and ammunition rose markedly above the month preceding; shipments of these items totaled $19,800,000 compared with $9,300,000 in June.

Cotton was not among the agricultural items going abroad in larger amounts; shipments of the staple totaled only 31,745,000 pounds worth $4,516,000 in July compared with 39,241,000 pounds valued at $4,729,000 in June and 74,341,000 pounds valued at $7,861,000 in July 1940.

While the total value of imports did not change greatly from June to July, some of the individual items showed substantial increases and decreases. Among those increasing were crude rubber, which alone had a value of $40,200,000, copper and tin. Items which were imported in smaller quantity included silk, coffee and wool and mohair.

Gold imports in July totaled $37,055,000, slightly more than in the two previous months, but greatly reduced from July 1940, when $19,983,000 was received. Silver imports amounting to $4,686,000, were about the average of the past two years. Exports of gold were inconsequential, as in all recent months, and of silver amounted to $353,000.

Bonds Off Slightly

There have been some declines in the bond market again this week, largely among the more speculative issues. Treasury bonds remained firm. Announcement was made by the Federal Reserve Board that reserve requirements would be raised by one-seventh as of November 1; this brings them to the present statutory limit. It is estimated that excess reserves will be reduced by about $1,200,000,000 thereby.

High-grade railroad bonds have lost fractions. Atchison, Topeka & Santa Fe 4s, 1995, were off ⅜ at 108⅛. Medium-grade rail issues have been active and bonds in this group showed a good undertone while the speculative rail bond market was depressed with a firming tendency toward the close. New York Central junior issues have been under pressure, the refunding 4½s sinking to a new low of 49⅞, closing at 50, off 1⅜ points from a week ago. Nickel Plate, Southern Pacific, Northern Pacific and Illinois Central bonds registered losses. Defaulted rail bonds averaged lower. An underwriting group purchased at a bid of 101.0959 the $18,000,000 Ohio mortgage of the Erie Railroad while the Santa Fe announced redemption of $28,070,000 debenture 4½s, 1948. Rumors were current that Nickel Plate may refinance its $16,000,000 collateral trust 4% issue as soon as the October 1, 1941, note maturity is consummated.

High-grade and investment quality utility bonds have maintained a fairly steady position this week. Special situations have commanded some attention, notably Associated Gas & Electric debentures, which advanced, and the International Hydro-Electric 6s, 1944, which declined. Canadian utility bonds, after recovering appreciably on rumors of Government financing, settled back.

A generally better tone has prevailed in the industrial section of the list this week. Steels and oils have been generally steady, a large fractional gain has been shown by the General Steel Castings 5½s, 1949, moderate strength has been shown by the Hudson Coal 5s, 1962, and in the retail selling field gains of a point each were registered by the Childs Company 5s, 1943, and United Drug 5s, 1952. In the sugar section, the Francisco 6s, 1956, gained 1⅞ points at 68⅜, but the Manati 4s, 1957, lost ¼ at 43¼. A large fractional loss was registered by the Curtis Publishing 3s, 1955.

The announcement that they would be redeemed at maturity on October 1 next advanced Queensland 7s to 99½ while the 6s after reaching a new high mark became unsettled in sympathy with other Commonwealth loans. Canadian issues continued strong while among South American bonds Paulista Railway 7s changed hands at 95 as other Brazilian issues sold off fractionally. In the European list Norwegian bonds steadied around their best levels as Danish and Belgian issues tended lower. Japanese have been irregularly weaker.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES †
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sept. 23	118.95	107.44	118.20	114.85	108.70	91.19	96.69	111.81	115.43
22	118.96	107.62	118.20	114.85	108.70	91.34	96.54	111.81	115.43
20	118.88	107.44	118.00	114.85	108.70	91.34	96.69	111.81	115.43
19	118.84	107.62	118.00	114.85	108.70	91.48	96.69	111.81	115.43
18	118.84	107.62	118.00	114.85	108.70	91.48	96.85	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
16	118.87	107.62	118.00	114.66	108.70	91.62	96.85	111.81	115.24
15	118.96	107.44	117.80	114.66	108.70	91.62	97.00	111.81	115.04
13	119.02	107.62	118.00	114.46	108.70	91.77	97.00	111.81	115.24
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
11	119.02	107.62	118.00	114.85	108.70	91.77	97.16	111.81	115.24
10	119.09	107.80	118.20	115.04	108.88	91.91	97.16	111.81	115.43
9	119.11	107.80	118.20	114.85	108.88	91.91	97.16	112.00	115.43
8	119.13	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
6	119.18	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
4	119.16	107.80	118.20	114.85	108.88	92.06	97.16	112.00	115.43
3	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
2	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
1			Stock Exchange Closed						
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.34	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	107.98	118.60	115.24	108.88	92.35	97.62	112.00	115.43
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago									
Sept. 23, 1940	116.64	104.31	116.80	112.93	103.97	87.32	93.08	109.79	111.62
2 Yrs. Ago									
Sept. 23, 1939	108.87	96.23	107.27	103.30	94.71	82.40	87.59	100.00	101.97

MOODY'S BOND YIELD AVERAGES †
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sept 23	3.31	2.74	2.91	3.24	4.33	3.96	3.07	2.88
22	3.30	2.74	2.91	3.24	4.32	3.97	3.07	2.88
20	3.31	2.75	2.91	3.24	4.32	3.96	3.07	2.88
19	3.30	2.75	2.91	3.24	4.31	3.96	3.07	2.88
18	3.30	2.75	2.91	3.24	4.31	3.95	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
16	3.30	2.75	2.92	3.24	4.30	3.95	3.07	2.89
15	3.31	2.76	2.92	3.24	4.30	3.94	3.07	2.90
13	3.30	2.75	2.93	3.24	4.29	3.94	3.07	2.89
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
11	3.30	2.75	2.91	3.24	4.29	3.93	3.07	2.89
10	3.29	2.74	2.90	3.23	4.28	3.93	3.07	2.88
9	3.29	2.74	2.91	3.23	4.28	3.93	3.06	2.88
8	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
6	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
4	3.29	2.74	2.91	3.23	4.27	3.93	3.06	2.88
3	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
2	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
1			Stock Exchange Closed					
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.93
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.28	2.72	2.89	3.23	4.25	3.90	3.06	2.88
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Sept. 23, 1940	3.49	2.81	3.01	3.51	4.61	4.20	3.18	3.08
2 Years Ago—								
Sept. 23, 1939	3.99	3.32	3.55	4.09	4.99	4.59	3.75	3.63

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* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 19 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 6, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 6 (in round-lot transactions) totaled 439,870 shares, which amount was 16.72% of total transactions on the Exchange of 2,504,760 shares. This compares with member trading during the previous week ended Aug. 30 of 345,740 shares or 14.93% of total trading of 2,349,990 shares. On the New York Curb Exchange, member trading during the week ended Sept. 6 amounted to 105,995 shares, or 16.07% of the total volume on that Exchange of 587,720 shares; during the preceding week trading for the account of Curb members of 77,150 shares was 15.70% of total trading of 469,980 shares.

The Commission made available the following data for the weeks ended Aug. 30 and Sept. 6:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	Week Ended Aug. 30, 1941		Week Ended Sept. 6, 1941	
	N. Y. Stock Exchange	N. Y. Curb Exchange	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,059	778	1,056	778
1. Reports showing transactions as specialists	181	97	186	95
2. Reports showing other transactions initiated on the floor	174	34	170	32
3. Reports showing other transactions initiated off the floor	180	66	196	76
4. Reports showing no transactions	625	590	600	584

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are affected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Total for Week Ended Aug. 30	Per Cent a	Total for Week Ended Sept. 6	Per Cent a
A. Total Round-Lot Sales				
Short sales	56,260		67,100	
Other sales b	2,293,730		2,437,660	
Total sales	2,349,990		2,504,760	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists				
1. Transactions of specialists in stocks in which they are registered				
Total purchases	174,950		189,480	
Short sales	21,000		25,910	
Other sales b	152,100	7.41	170,730	7.71
Total sales	173,100		196,640	
2. Other transactions initiated on the floor				
Total purchases	113,830		120,840	
Short sales	7,200		12,800	
Other sales b	85,440	4.39	117,080	5.00
Total sales	92,640		129,880	
3. Other transactions initiated off the floor				
Total purchases	66,940		87,470	
Short sales	10,900		16,200	
Other sales b	69,100	3.00	97,150	4.01
Total sales	80,000		113,350	
4. Total				
Total purchases	355,720		397,790	
Short sales	39,100		54,910	
Other sales b	306,640	14.93	384,960	16.72
Total sales	345,740		439,870	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for Week Ended Aug. 30	Per Cent a	Total for Week Ended Sept. 6	Per Cent a
A. Total Round-Lot Sales				
Short sales	5,825		7,080	
Other sales b	464,155		580,640	
Total sales	469,980		587,720	
B. Round-Lot Transactions for the Account of Members				
1. Transactions of specialists in stocks in which they are registered				
Total purchases	43,740		49,460	
Short sales	3,905		3,020	
Other sales b	52,385	10.64	54,945	9.14
Total sales	56,290		57,965	
2. Other transactions initiated on the floor				
Total purchases	7,925		16,750	
Short sales	25		1,600	
Other sales b	9,100	1.82	11,360	2.53
Total sales	9,125		12,960	
3. Other transactions initiated off the floor				
Total purchases	18,740		16,710	
Short sales	870		550	
Other sales b	10,865	3.24	34,520	4.40
Total sales	11,735		35,070	
4. Total				
Total purchases	70,405		82,920	
Short sales	4,800		5,170	
Other sales b	72,350	15.70	100,825	16.07
Total sales	77,150		105,995	
C. Odd-Lot Transactions for the Account of Specialists				
Customers' short sales	0		0	
Customers' other sales c	37,923		33,111	
Total purchases	37,923		33,111	
Total sales	17,675		20,916	

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* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total of members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

President Makes Second Lend-Lease Report, Reveals Allocation of Funds to Congress

President Roosevelt, in submitting his second report to Congress covering operations under the Lend-Lease Act, disclosed on Sept. 15 that, of the $7,000,000,000 appropriated for the program, more than $6,250,000,000 has been allocated to the agencies principally charged with the actual procurement of the supplies. Contracts have been let for over $3,500,000,000, the President stated, adding that contracts will soon be placed for the entire $7,000,000,000 appropriation.

The exact amount of allocations up to Aug. 31 was shown by the President's report to be $6,281,237,421 which compares with $4,277,412,879 in his first report as of May 31.

Total expenditures of the program up to Aug. 31 were reported at $388,912,115, with $324,563,748 worth of defense materials, supplies and services transferred under the Lend-Lease Act to countries resisting aggression.

Actual exportations of lend-lease cargoes amounted to $190,447,670, with 89% sent in the 90 days ended Aug. 31 and but 11% in the previous period. A breakdown of this total follows:

Ordinance and ordinance stores, $35,775,521; tanks and other vehicles, $28,163,729; aircraft and aeronautical material, $6,016,145; vessels and other watercraft, $2,313,720; miscellaneous military equipment, $104,017; agricultural, industrial and other commodities, $118,074,538.

In his letter transmitting the report, the President declared that through August "the total dollar value of defense articles transferred and defense services rendered, plus expenditures for other lend-lease purposes, amounted to $486,721,838."

This figure was made up of $324,563,748 worth of goods transferred and $162,158,090 for articles and services in the process of being transferred.

President Roosevelt pointed out that the $7,000,000,000 fund for purchasing defense articles has been available less than six months and hence, "actual transfers from these funds have necessarily been limited to articles which could be purchased in a finished state or produced in that time." He added:

> "The speed with which future lend-lease transfers will be made depends largely on the speed with which our industries deliver the goods. The rate of our production must be accelerated and every step to achieve that end must and will be taken."

Saying that the "true measure of the volume of war supplies moving from our shores is reflected in our total exports" the President observed that "since the beginning of the war, about $4,400,000,000 worth of goods has been exported to the British Empire." It was pointed out that large contracts were placed in this country prior to the lend-lease act and that deliveries are being made a long with lend-lease articles.

From the Presidents letter to Congress we also quote.

Contracts have been placed and work has started on nearly $1,000,000,000 of bombardment aircraft. New ways have been started and work is in progress for about $500,000,000 of new mechant shipping. New facilities to speed the production of guns, ammunition and other defense articles have been started under contracts totaling about $262,000,000. Over $430,000,000 has been allocated, and over $250,000,000 has been obligated, for the purchase of milk, eggs and other agricultural products.

Daily the aid being rendered is growing. Through the month of August the total dollar value of defense articles transferred and defense services rendered, plus expenditures for other lend-lease purposes, amounted to $486,721,838.

Food and steel and machinery and guns and planes have been supplied in increasing quantities. Agricultural commodities worth $110,606,550 have been transferred to the countries we are aiding. We have transferred to the United Kingdom more than 44,000,000 pounds of cheese, more than 54,000,000 pounds of eggs, more than 89,000,000 pounds of cured pork, more than 110,000,000 pounds of dried beans and more than 114,000,000 pounds of lard. We have transferred to them more than 3,000,000 barrels of gasoline and oil. We have sent them many tanks. Merchant and naval ships and other transportation equipment are being transferred in growing amounts.

A substantial number of cargo ships and tankers have been chartered to the use of those countries whose defense is vital to our own. Our yards are repairing Allied mechant ships. We are equipping Allied ships to protect them from mines; and we are arming them, as much as possible, against aircraft, submarines and raiders.

While the British Empire "has received the bulk of our aid," the President reported that assistance has also been extended to China, the Dutch East Indies, the exiled governments of Poland, Netherlands, Norway, Greece Belgium and Yugoslavia. Also receiving aid under the lend-lease program are Iceland and the countries of Central and South America.

The President also took occasion in his letter of transmitted to praise the "gallant resistance of the Russian people" and, while stating that the American government is using its energies to make available supplies urgently needed by Russia, he pointed out that the "Soviet Government's purchases here are being with its own funds through its regular purchasing agency."

Declaring that aid is not being furnished as "an act of charity or sympathy, but as a means of defending America," the President further said:

> "We offer it because we know that piecemeal resistance to aggression is doomed to failure; because the ruthless war machine which now bestrides the Continent of Europe can be combated only by the combined efforts of all free peoples and at all stragegic points were the aggressor may strike."

Foreign Front

(Continued on Page 317)

that close to 300 persons had been put to death for acts and tendencies which the Nazis found dangerous. Many of these executions occurred in France, but Belgium, Holland, Norway and Yugoslavia also supplied victims.

Marshall Henri Philippe Petain urged the French people, Sunday, to refrain from acts which would bring reprisals from the Germans. Maintenance of order was asked by the French Chief of State for the sake of innocent hostages and in order to prevent "new troubles." The German conquerors made it clear, meanwhile, that executions would increase in numbers, in approximate ratio to the causes inspiring them. Various observers pointed out that the acts of sabotage and the attacks upon Germans in the occupied countries coincided not only with the possibility of protracted war, but also with the involvement of Communist Russia.

The sad plight of France and the Low Countries is matched by the situation in some portions of Scandinavia. Norway was placed under Nazi martial law, last Sunday, owing to disturbances which probably will continue despite the most drastic decrees of the invaders. Sweden holds to a neutral position, notwithstanding incidents that must be trying the patience of all Swedes. Three Swedish destroyers were blasted and destroyed, last week, as a consequence of an explosion and a fire, said to be of undetermined origin. This disaster occurred in a Swedish naval base and took the lives of 31 Swedish sailors. The Swedish Prime Minister, Per Albin Hanssen endeavored to quiet the nerves of his countrymen, last Saturday, by affirming a policy of neutrality in the great European war.

Winter Warfare

Numerous incidents in the Mediterranean and the Middle East suggest that a winter campaign may develop along this British lifeline to the East, with still more countries added to the roster of those engaged in the world conflict. British naval units in the Mediterranean are interrupting seriously the transportation of Axis forces by sea to the Western Desert region. The fact that such a flow is in progress is evident and it unquestionably presages a struggle for Egypt and the Suez Canal. At the western end of the Mediterranean the Italians staged a spectacular but not especially significant attack on Gibraltar, last Saturday. Rome claimed that small "torpedo-mosquito" boats sank three merchant ships, but London said merely that an old hulk had been hit.

It is now clear that the Germans and some of their allies are preparing actively for warfare far to the East, and that England calmly is preparing counter-measures. The Russo-Bulgarian diplomatic strife has reached the point of an almost open break of relations. The small Balkan country is said to be under severe Nazi pressure to take up arms against Russia, and Turkey seems to be next on the German list. Ankara and Berlin were engaged in diplomatic conversations all week, and the possibility is not to be denied of a Turkish move toward the Axis.

London conjectures that the Nazis, in the event of further military successes in the Russian Ukraine, might well endeavor to extend their domain to the Caucasus oil region. The British are ready, it is intimated, to join the Russians on that front and fight any German advance. In order to make provision for an eastward move, the Germans obviously would find control of the Dardanelles advisable, which again brings up the problem of Turkey. London was confident that the Turks would not relinquish control of the Straits to the Nazis.

Iran now appears to be firmly in Anglo-Russian hands, although there may well be some differences between these Allies regarding the area each is to police or control. The rail line from the head of the Persian Gulf into Russia is vital for supplying the Soviet with British and American aid. The British Government apparently is tightening the defenses even as far east as Afghanistan, for it was indicated on Tuesday that suggestions have been made to the Afghans for an expulsion of Germans similar to that which preceded the invasion of Iran.

Far Eastern Crisis

Despite occasional surface indications of change, there still is no genuine reason for assuming that the aggressive policy of Japan in Eastern Asia is being relaxed or is likely to be replaced by respect at Tokio for the rights of other nations. The belief that the Japanese militarists might experience a change of heart began to wane, as preparations were made in Tokio for celebrating the first anniversary of the adherance of Japan to the Axis, and as anti-Axis newspaper comments were replaced by grim references to Britain and the United States. No information yet has been made public concerning the exchange between Premier Prince Fumimaro Konoye and President Roosevelt.

Effects of the economic sanctions applied by Washington and London against the Far Eastern aggressors are beginning to be serious. Allocations for the production of iron and steel articles were drastically reduced at Tokio, Tuesday. The size of newspapers is being cut down and in many other ways the Japanese are suffering fresh privations in addition to the many imposed on them in consequence of the moves against China and French Indo-China. There is now some reason to believe that the recent diplomatic exchanges between the United States and Japan related mainly to the natural desire of Tokio for removal of the sanctions.

If the sanctions fail to deter the Japanese from still more aggressive steps in Eastern Asia, it is evident that another major defeat for the foreign policy pursued by President Roosevelt will be recorded. There is no longer much expectation in expert circles that Tokio will abandon the European Axis partners. The indications are, rather, that a Japanese attack upon Siberia will develop instantly, if the Germans should be successful against Russia in Europe. Together with fifty other relatives of Russian Embassy officials in Tokio, Mrs. Constantin Smetanin, wife of the Soviet Ambassador, left Japan for her home, last Saturday.

In Southern Asia there still appears to be some doubt as to whether the Japanese will turn northward or southward for their next conquest. Japanese army maneuvers are about to begin on the plains of Cambodia, adjoining Thailand, and in Bangkok it almost is taken for granted that the maneuvers cloak the start of a new aggressive campaign. Preparations are being rushed at Singapore for any eventualities. Meanwhile, the Chinese continue their desperate guerrilla resistance and must also be accorded a prominent place in the determination of the next moves.

Wage-Hour Records Regulations Revised And Simplified, Dept. of Labor Announces

Revision of the record-keeping regulations under which 350,000 employers must keep payroll and other records concerning more than 15,500,000 workers was announced on Sept. 15 by General Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor. The new regulations in several instances simplify present requirements. In others, they call for the recording of additional information. They apply to all employers who have employees engaged in interstate commerce or in the production of goods for interstate commerce. Gen Fleming said:

"About one-fourth of the 48,000 inspections we made in the last fiscal year showed employers in technical violation of the Act through failure to keep prescribed records. Our requirements in the matter of payroll records are very simple. No special order or form of records has been required or is required in the new regulations. However, we must have accurate information on the number of hours employees have worked. Employers paying on a salary, piece work, or other production bases have in many cases failed to realize this. An important part of the work of our men on inspections is education in the matter of keeping payroll records to satisfy the purposes of this law."

The following is a new requirement of the regulations:

"Each employer shall . . . preserve for at least two years from the last date of entry the originals or true copy of any and all customer orders or invoices received, incoming or outgoing shipping or delivery records, as well as all bills of lading, and all billings to customers (other than 'cash') which the employer retains or makes in the course of his business or operations."

Preservation of these records is required to enable Wage and Hour inspectors to determine if the Act applies at any given time.

General Fleming's announcement was made public by Arthur J. White, Regional Director for the states of New York, New Jersey and Connecticut from the regional offices, at 341 Ninth Avenue, New York. In part Mr. White says.

The revision of the regulations resulted from petitions filed by large employers, among them the American Telephone and Telegraph Co., the Association of American Railroads, the Westinghouse, and the Comptrollers Institute of America. Hearings were held in Washington on Oct. 17 and 18, 1940, and on May 12 and 13, 1941. Many of the employers attending the hearings asked for changes which would simplify payroll records of corporations paying semi-monthly instead of weekly. As the 40-hour workweek is the unit of the Wage and Hour law, the Division's record-keeping regulations had required recording of total hours worked each day and each workweek and total straight time compensation for each week. The requirement of a record of weekly earnings did not mean that the employer had to pay his employees each week. However, some large employers petitioned that recording of weekly as well as semimonthly earnings would be a costly and an unnecessary addition to bookkeeping. As a result, employers paying on a semi-monthly basis may record daily instead of total weekly straight-time earnings. As to hours, daily and total weekly recordings is still required by the regulations. Daily hours may be recorded by entering starting and stopping time.

Although executive, administrative, professional employees and outside salesmen are not within the wage and hour requirements of the law, the regulations require among other things that a record be kept of the total wages or salaries paid them each pay period and show the basis on which such wages or salaries are paid. Current regulations require only recording of the name, address and occupation of such employees.

All additions to or deductions from cash wages for rent, company store purchases, etc., may be recorded on a pay period basis where they do not affect minimum wage or overtime payments. Where they do affect cash payments of at least the minimum or overtime payments, they must be recorded on a weekly basis and employers must preserve "all records used . . . in determining the original cost, operating and maintenance cost, and depreciation and interest charges." Such records must be preserved two years.

The regulations are further extended by the requirement that employers within the coverage of the act, because of the interstate nature of their business, record the name, address, occupation, and place of employment, also date of birth if under 19, of employees exempt from both the minimum wage and the 40 hour week under Section 13 of the act. Such employees include all those of local retail and service establishments; seamen; employees of airlines; employees in the fish industry; agricultural workers; employees of small weekly or semi-weekly newspapers; employees of local traction companies; employees of small establishments processing certain agricultural commodities; employees of country telephone exchanges of less than 500 stations.

Fix Hide Differentials

Federal Price Administrator Henderson, in an amendment to the hide price schedule, on Sept. 12 established price differentials for all grades and classifications of domestic hides graded downward from 15½ cents for the four top grades. The new level of prices established a spread above and below the former ceiling for different qualities of hides. Mr. Henderson pointed out that the revision does not justify any change in the price of leather or leather products. In the original price schedule, effective June 16, a maximum price of 15 cents a pound was set on hides: referred to in these columns June 21, page 3903. Mr. Henderson said it was hoped that normal differentials would develop for the various grades under market conditions. The following is from the New York "Herald Tribune" of Sept. 13:

The new schedule applies the 15½-cent ceiling price to No. 1 native steers and cows of packer classifications. No. 2 native steer and cow hides have a top price of 14½ cents. From these levels the maximum prices in the packer classification scale down, according to grade, to lows of 11 cents a pound and 10 cents a pound, respectively, for No. 1 and No. 2 branded bulls.

Six-Point Program to Curb Inflation Outlined By H. H. Heimann of Credit Men's Association

If the United States hopes to curb inflation, it must accept priorities—not only for defense materials, but also in regard to the demand for credit, Henry H. Heimann, Executive Manager of the National Association of Credit Men, declared in the Association's "Monthly Business Review" released Sept. 15. "Unfortunately," Mr. Heimann pointed out, "the very word inflation inspires in too many a this-is-where-I-came-in feeling. Yet if we act with vigilance and discretion, we may be able to avert some of the tribulations that uncontrolled inflation can bring. To outline some important steps, however," he says, "is easier than to gain public acceptance and official action. Nevertheless it is the responsibility of each of us to realize and act on the realization that the Treasury of the wealthiest nation in the world cannot continually draw on reserves — past, present or future. Thus it is obvious that as individuals and as a nation we must retreneh," he says, in listing the following six-point program:

It is likewise obvious that any defense program worthy of the name must have in mind economic solvency. Our people are willing to do everything possible to build up a strong defense program. In return they have a right to insist that Congress seriously turn to measures of economy on non-defense expenditures.

Second, we must pay for as much of our present outlay for defense as is possible. Yes, we must absorb heavier taxes now if we are going to keep our country financially sound. Widening the tax base, increasing the tax burden as equitably as possible—these are patently necessary. Present burdens of of some 12 billions annually are not the peak, if we face facts and act with corresponding realism.

Third, with all of our talk of sacrifice we must actually begin to put it into practice. That means we will have less consumers goods than we have been accustomed to having. The installment regulations have that objective.

Fourth, we should help avoid bank credit inflation by doing our bit in the purchase of defense savings bonds and stamps. Such buying should absorb the excess earnings, beyond taxes, that arise from defense-stimulated business activity. The defense bond program can be a potent check to a war inflation.

Fifth, as another anti-inflationary policy, we have control of prices, it seems obvious that if this nation is going to achieve sound price control it must cover all items. We can't make an exception of industrial wages or agriculture or any other major item and expect to have effective price control.

Finally, elimination of threats to our monetary structure, such as the present powers vested in the President with respect to devaluation, expansion of currency through silver certificates, and other powers, should be withdrawn.

These points itemize some of the major moves that will have to be made if we are going to avoid inflation. With all these, there is no positive assurance that the situation can be fully controlled. There is good reason, however, to believe that with these factors brought into play, we may not have a runaway inflation.

FDIC Asks Bank Data on Insurance— Deposits Up 36% In Last Three Years

Pointing out that the deposits of insured banks had increased more than 36% since Sept. 21, 1938, Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, announced on Sept. 16 that all insured banks will be asked to report to the Corporation as of Sept. 24, 1941,, the proportion of their deposits that are protected under FDIC's $5,000 individual insurance limitation. Supplementary data covering deposits protected under hypothetical $10,000 and $25,000 individual insurance limits also are being called for. "It has been three years since we asked insured banks to supply us with information concerning the extent of insurance coverage within the individual institutions," Mr. Crowley said in his announcement of the special call. He went on to say:

During that period deposits have increased by 36%. Not only has the amount of deposits grown enormously during the last three years, but there have occurred changes in the distribution of deposits which may alter insurance coverage considerably. It consequently becomes imperative for us to learn what effect these changes have had upon the pattern of our risk. As heretofore, we are trying to make compilation of the required figures as easy as possible for insured banks, making announcement well in advance of the call date, and distributing necessary forms in ample time to permit study before the task actually is begun.

Chairman Crowley's announcement likewise said:

As of Sept. 21, 1938, last date for which such information was gathered, insured commercial banks reported total deposits of $48,000,000,000, of which $21,700,000,000, or 45%, were protected under the $5,000 insurance limit. The 49 mutual savings banks insured on that date reported total deposits of $1,000,000,000, of which $900,000,000, 90%, came under the $5,000 maximum.

The 1938 figures showed that raising individual coverage to $10,000 would have increased insured deposits to $24.800,000,000, or about 50% of the total, while an increase of coverage to $25,000 would have increased insured deposits to $28,700,000,000, or nearly 60% of total deposits.

The number of banks whose deposits were completely insured would have increased from 456 under a $5,000 limit to 2,078 with a $10,000 limit and to 6,001 with a $25,000 limit.

Figures for Sept. 21, 1938, showed that the $5.000 limit fully protected 984 of every 1,000 depositors in insured banks. An increase to $10,000 would have extended complete protection to 993 of each 1,000 depositors, while a $25,000 limitation would have protected fully 997 of each 1,000.

Compilation of the data received in response to the call for Sept. 24, 1941, will not be completed until late in the year.

Our Reporter On "Governments"

If the purpose of Treasury chief Morgenthau and Reserve Board chairman Eccles was to "prepare" the Government market for a boost in reserve requirements, they have done their job well — exceedingly well. . . . The probability of a near-term increase, meaning a reduction of $1 billion in the current excess reserves total, is the main subject of conversation among bond experts. . . . The possible effects of such a move have been so thoroughly discussed that the "smart lads" are now saying that the news has been discounted and the reaction forecast by most traders a few weeks ago will not occur on the announcement of step, anyway. . . .

Will reserve requirements be raised to the present legal limit or won't they?. . . . Does the Morgenthau-Eccles agreement on anti-inflation monetary policies mean stricter control of money and credit or doesn't it?. . . . Has all the preliminary talk been just "talk" or are Washington authorities making sure a requirement increase won't surprise the nation's institutional investors into "scare selling"? . .

Ask an alert bond trader and he'll admit he's completely in the dark. . . . No one around Wall Street, anyway, is certain of the board's intentions. . . . (And, say informed sources, the board and Treasury haven't gotten together on the timing or the extent of action either). . . .

But—and this, admittedly, is an in-the-dark prediction, it seems ridiculous to prepare a market so thoroughly for a move and then to skip up on it. . . . It simply doesn't sound logical to say that nothing is going to happen after all the pro-and-con conversation. . . .

So this column hereby forecasts that a raise in reserve requirements will be announced shortly—perhaps at the end of this month. . . .

(It's possible that the boost will come within 24 or 48 hours of this report). . . .

And it predicts that after the announcement of an increase, to go into effect, say Nov. 1, or thereabouts, the Treasury will begin studying its next cash financing. . . .

A Cash Borrowing

The prognostication in this space a few weeks ago—that the September financing would be skipped, that a reserve requirement increase would be announced and that after the market had absorbed that news, the Treasury would borrow some new money—appears as sound now as when it first was written. . . . No telling what will be the exact story, of course, for the Treasury insists over and over again that it's on a 24-hour basis as far as policy is concerned. . . .

But anyway, the opposite story hasn't come out as yet. . . .

If the Treasury holds off on raising new cash for many more weeks, it will have to take money from its depositaries. . . . A few days ago, the Treasury's balance with the Reserve Banks was down to about $334,000,000 against more than $1,000,000,000 two months ago. . . . And income tax collections plus tax anticipation and defense bond sales are not going to offset the terrific amounts being spent for any length of time. . . .

The chances are a cash deal plus refunding of the Treasury's December note maturity of $204,000,000 1¼s will appear within six weeks or so. . . . Say, reserve requirements are raised soon. . . . And the market's reaction is taken care of in a week or two. . . . Then the way would be clear for a cash borrowing and Morgenthau could honestly say he was playing fair with the banks and other investors. . . .

How much?. . . . Again, a guess . . . . But say, $750,000,000 to $1,000,000,000, including the refunding. . . . With emphasis on the smaller amount. . . .

Incidentally, don't forget that the RFC and other agencies will be in the market this fall for new money and refunding cash too. . .

The type of issue?. . . . Again, a guess. . . . But the odds are against a real long-term bond, for an intermediate maturity taxable. . . . A note is unnecessary. . . . A long-term bond apparently is not in accordance with Morgenthau's wishes at this time(although, the dealers' only explanation is that the Treasury head wants to starve buyers for long-terms until he's ready to go to town with a 30 or 35-year issue). . . .

At any rate, be prepared for a cash financing before the fall is over. . . . And unless we miss our guess, expect the offering to be highly attractive, for our Treasury Secretary is not taking any chances with a not-so-healthy subscription total in these emergency times. . . .

Municipals

Indicative of the immunity the high-grade bond market is developing—again, we repeat, "for the time being"—toward a reserve board move, is the stability in the top-grade municipal lists. . . . High-grade tax-exempts have been acting well in recent sessions, with some issues reaching new high prices. . . . Naturally, a major factor is the tax-exemption angle, but that angle is present in the Government market too. . . .

Experts in municipals say the news already has been absorbed, but they hesitate to predict what might happen even to the most attractive tax-exempts after the decrease in surplus funds has become a factor in bank investment policies. . . .

"Hesitation", as a matter of fact, is a mild word for it. . . . Of a half-dozen bond authorities queried, all except one admitted his concern for the high-grade market's trend over the long-term—assuming surplus funds go down and Morgenthau continues borrowing large amounts of money from the commercial banks. . . .

Inside The Market

Suggestive of the attitude of banks in New York City toward the reported reserve requirement increase is the fact that in the week ended September 17, these banks bought $26,000,000 Treasury bonds and $7,000,000 Treasury notes. . . .

An indicative of the present attitude of insurance companies is that in the week ended September 6—during the days the increase was being reported all over the country — 42 leading insurance companies bought $12,100,000 Government obligations representing 25.2 per cent of their total investments for the period. . . .

Significant feature about market these days is fact that with mighty few exceptions, all "written" observations on trend are pessimistic. . . . Read the various bond services, market letters, statistical analyses. . . . And you'll be impressed by the unanimity of long-term bearish opinion. . . .

Bond dealers still have fair-sized short positions outstanding. . . . Trading is dull for the most part. . . . No large transactions have been reported for several days. . . . Attitude unquestionably is on that "watchful waiting" side. . . .

Talking about debt increases the U. S. debt of $50,000,000,000 plus looks pretty good in comparison with "Foreign Commerce Weekly" estimate recently that German debt increased from $20,864,000,000 in March, 1940, to $40,484,000,000 in June, 1941. . . . And this doesn't include all debt by any means. . . .

LEGAL ODDITIES

WHEELS WITHIN WHEELS

A Bank Versus an Insurance Company

The officers of the Regal Bank and the agent of the Inland Surety Company were looking over the bank premises the morning after burglars had blown open the safe and stolen the contents.

"We hold a $20,000 burglary policy in your company, so it's up to you," the cashier suggested.

"But the policy says that the company shall be liable for not more than 10% of the insurance when the safe contains an inner steel chest, and the money is stolen from inside the safe but outside the inner chest," the agent pointed out.

"But all the stuff stolen here was in the inner chest," the cashier argued.

"But there's another steel chest inside the one that the robbers broke open," the agent persisted.

"Yes."

"And they didn't break that inside one open, did they?"

"No."

"So that all the money the robbers got was in the outside steel chest."

"Yes."

"Then all the company's liable for is 10%."

"No—the inner steel chest that the policy mentions means the outer one," the cashier argued.

"No, it means the innermost one of all," the agent maintained.

This exact point was passed on by the Texas Court of Civil Appeals in a case reported in 251 Southwestern Reporter, 303, and the decision was in favor of the bank.

"The evidence, we think, sustains the bank's contention that the apartment in the safe back of the inner or middle steel burglar-proof door and in the safe vault proper, and itself an inner steel burglar-proof chest, is the inner chest referred to in the policy, from which, if the money was taken, the insurer would be liable for the full value of the money taken. That inner chest, as shown by the evidence, fully meets all the terms and conditions of the policy and from which the uncontroverted evidence shows the money was taken. There was another chest much smaller in size inside the inner vault of the safe to which the witnesses referred to and designate as the 'cash box,' which smaller chest or box also meets all of the requirements of the policy, and from which no money was taken. In the absence of anything in the policy itself, or in the evidence identifying the cash box as the inner chest referred to in the policy, we see no good reason for holding that the cash box, rather than the larger steel chest, is the one referred to in the policy," said the Court.

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Soft coal production totaled 11,030,000 net tons during week ended Sept. 13. Anthracite output placed at 1,235,000 tons. **Page 311**

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Sees Sale of Defense Bonds Inflation Check

Broadening sale of Defense Savings Bonds perhaps is the surest available check upon inflation and the strongest possible support of Government credit, declared Henry Bruere, President of The Bowery Savings Bank,N. Y., and liaison officer between the Treasury Department and mutual savings banks of the country, who on Sept. 12, addressed trustees and officers of the Savings Bank Association of Massachusetts, meeting in Swampscott, Mass., to weigh the economic outlook.

"None of us here doubts the need of fullest defense measures and the fullest material aid to Britain," he said. "Therefore, the financing program must continue to succeed. We of the savings banks will do everything in our power to make it succeed." Mr. Bruere went on to say:

> I suggest that for the next months, or years, if need be, we make this our first order of business. By adopting this course we shall do the most needed thing we can do for the nation. We shall do other important things besides. Among them, we shall develop a new host of savers who at the same time are acquainted with the savings banks and their spirit of cordial and disinterested service. We shall have some part in protecting our depositors and the general public from the ravages of price pyramiding due to extravagant purchases with new found money. We shall protect the defense program against the competition of avoidable civilian expenditures. We shall strengthen government credit and build up a new degree of responsibility regarding national spending among a broader public. We shall solidify our time honored right to assist the plain people of America to defend themselves against future want and adversity.
>
> The Defense Savings Bond plan has adopted the principle of sound savings banking by making savings available when necessary at a slight loss of interest. Therefore, whether we invest for our depositors or help our depositors to invest for themselves, we shall equally assist them to safeguard themselves against future contingencies.

Turning attention to the new opportunities of mutual savings bank trustees and officials. Mr. Bruere pointed to the need for their advice and participation in public affairs. "In view of the important place held by the savings banks in the national economy," he observed, "the officers of these institutions and the institutions themselves have a duty, in my judgment, to study and to seek to understand the Government fiscal and budget policies and to assist, if we can, in shaping them, where our special experience and responsibilities qualify us to do so."